

UNIVERSITY OF STELLENBOSCH

**THE IMPACT OF THE NEW PUBLIC MANAGEMENT REFORMS
ON
POLITICAL CONTROL AND CORRUPTION: THE CASE OF
MALAWI'S LOCAL GOVERNANCE**



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Thesis presented in partial fulfilment of the requirements for the degree of
Master of Public Administration at the University of Stellenbosch

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Date: December 2005

DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature:

Date: 14 July 2005

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ABSTRACT

The new public management (NPM) paradigm features very highly in both contemporary public sector reform and public sector management literature. The NPM model has been implemented both in the developing and developed world at the local and central levels of government. Key to NPM is the introduction of market principles in the running of the public sector. The rationale is to replace the over rigid and bureaucratic traditional public administration with the fast moving form of public management so as to achieve high levels of efficiency, effectiveness and economy in the delivery of public goods and services.

Despite its wide application, the doctrine of NPM has had diverse impacts in different countries. In some countries it has proved a success while in others it has simply not worked. In certain cases, the application of the NPM model has resulted into undesirable consequences. Key to these are the loss of political control and an increase in the levels of corruption. These impacts, especially the effects on corruption are even higher in cases when the NPM has been applied in 'soft states' (a general category of states to which most of the third world countries belong). This is the case as these countries have low social discipline and lack the capacity and institutions to adequately address problems of accountability that arise with the NPM.

This study examines the impact of the NPM on political control and corruption at the Malawian Local Government level. The study has found that the NPM has led to loss of local political control and has increased the opportunities for corruption. Malawi being a 'soft state' the study has observed that the impact of NPM on corruption have been massive. To address these problems the study recommends the implementation of the Public Governance model. The rationale is that the Public Governance model has built in mechanisms that can adequately mitigate the impact of NPM on political control and corruption.

The study is mainly based on qualitative data collected in the three sampled local government assemblies in Malawi. These include: Salima Town Assembly, Mzuzu City

Assembly, and Zomba Municipal Assembly. Data was mainly collected through personal interviews with Assembly Managers and Councillors. In addition, the study also relied on a review of various government literature providing insights to the subject under study.

OPSOMMING

Die paradigma van nuwe openbare bestuur (NOB) speel 'n groot rol in hedendaagse literatuur rakende die hervorming en bestuur van die openbare sektor. Die NOB-model is in sowel die ontwikkelende as die ontwikkelde wêreld op plaaslike en sentrale regeringsvlakke geïmplementeer. Sentraal tot NOB is die instelling van markbeginsels in die bestuur van die openbare sektor. Die grondrede is om die uiters rigiede en burokratiese tradisionele openbare administrasie met die vinnig bewegende vorm van openbare bestuur te vervang om sodoende hoë vlakke van doeltreffendheid en besparing in die lewering van kollektiewe goedere en dienste te behaal.

Ten spyte van die breë toepassing daarvan het die impak van die NOB-leer van land tot land gewissel. In sommige lande was dit 'n sukses, maar in ander het dit bloot nie gewerk nie. In sekere gevalle het die toepassing van die NOB-model ongewenste gevolge gehad, hoofsaaklik die verlies van politieke beheer en 'n toename in die vlak van korrupsie. Hierdie impak, veral die gevolge vir korrupsie, is selfs hoër in gevalle waar NOB in 'sagte state' toegepas is ('n algemene kategorie state waaronder die meeste Derdewêreldlande ressorteer). Die rede hiervoor is dat hierdie lande oor lae maatskaplike dissipline beskik en die kapasiteit en instansies ontbreek om die probleme met toerekenbaarheid wat met NOB ontstaan, voldoende te hanteer.

Hierdie studie ondersoek die impak van NOB op politieke beheer en korrupsie op plaaslike regeringsvlak in Malawi. Die studie het bevind dat NOB verlies aan plaaslike politieke beheer en toename in geleenthede vir korrupsie tot gevolg gehad het. Die studie het waargeneem dat NOB 'n groot impak op korrupsie in Malawi, 'n 'sagte staat', gehad het. Om hierdie probleme te oorbrug, beveel die studie die implementering van die openbarebestuursmodel aan. Die grondrede is dat die openbarebestuursmodel ingeboude meganismes het wat die impak van NOB op politieke beheer en korrupsie genoegsaam kan temper.

Die studie is hoofsaaklik gebaseer op kwalitatiewe data wat by drie vergaderings van die plaaslike regering in Malawi, naamlik die Salima dorpsvergadering, die Mzuzu stadsvergadering, en die Zomba munisipale vergadering, ingesamel is. Data is hoofsaaklik deur middel van persoonlike onderhoude met die bestuurders van die vergaderings en raadslede ingesamel. Vir verdere insig oor die studie-onderwerp het die studie ook op 'n oorsig van 'n verskeidenheid regeringsliteratuur gesteun.

DEDICATION

For my dear late Mother Patricia, Dad Ignituous and Brother Martin and All - You are the inspiration of my struggle. May your souls rest in peace!

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To God the almighty for making me what I am!

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LIST OF ABBREVIATIONS

ACB:	Anti-Corruption Bureau
ADF:	African Development Fund
AFRODAD:	African Forum and Network on Debt and Development
AG:	Auditor General
CIDA:	Canadian International Development Agency
CSAP:	Civil Service Action Plan
CSO:	Civil Society Organisations
CSRC:	Civil Service Review Commission
GDP:	Gross Domestic Product
GoM:	Government Of Malawi
IDA:	International Development Agency
IMF:	International Monetary Fund
MCP:	Malawi Congress Party
MRA:	Malawi Revenue Authority
MTEF:	Medium Term Expenditure Framework
NAO:	National Audit Office
NGOs:	Non-Governmental Organisations
NPM:	New Public Management
ODA:	Overseas Development Agency
OPC:	Office Of The President and Cabinet
PERMU:	Public Enterprise Reform and Monitoring Unit
PG:	Public Governance
PSMRP:	Public Sector Management Reform Programme
PSR:	Public Sector Reform
UDF:	United Democratic Front
UNDP:	United Nations Development Programme
UNECA:	United Nations Economic Council For Africa
USAID:	United States Agency for International Development
WB:	World Bank

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CHAPTER ONE

INTRODUCTION

1.1. INTRODUCTION

This chapter introduces the thesis. It is organised into seven main sections. The first section introduces this thesis and the second presents the background to the study. The rationale for the study is presented in part three while objectives of the study come in section four. Section five brings forth the working hypothesis of the study. The outline of subsequent chapters is given in the last section.

1.2. BACKGROUND TO THE STUDY

Malawi became a multi-party democracy in 1994 under the United Democratic Front (UDF) party leadership after thirty years of autocratic and single party rule of the Malawi Congress Party (MCP). In order to create a viable and vibrant civil service that would be used to deal with the challenges of the new dispensation, namely; poverty alleviation, and the achievement and sustainability of democratic and good governance policy outcomes, the new government implemented a lot of public sector reforms with the support of various donor partners. The reforms were enshrined in the Civil Service Action Plan of 1996 and included the following: institutional rationalisation and realignment with policy and legislative framework; re-organization of ministries (functional reviews) to create autonomous agencies (authorities); viable human resource management practices; conditions of service; performance contracts scheme; privatisation; outcome based budget and financial management systems; decentralization; outsourcing/contracting out; user fees; information communication technology; and economic management (Malawi Government, 1996).

Although the reform initiative bundle was called ‘Public Sector Management Reform Programme’ (PSMRP) (Kamanga, 2002), it can be seen from the above stated reforms that these were typical New Public Management reforms. Despite the fact that the decentralisation reform initiatives are seen as a separate element, the rest of the reforms have also been implemented within the decentralised governance structures. In this regard, Malawi adopted the Decentralisation Policy in October 1998. The Policy provides for the

establishment of Local Governments as the basis and a framework for the devolution of functions, responsibilities, powers and resources to District Assemblies (Malawi Government, 1998a). The Decentralisation Policy was followed by the Local Government Act enacted in December 1998 to create the legal framework for decentralised governance in Malawi. According to the Local Government Act 1998, the objectives of local government shall be “to further the constitutional order based on democratic principles, accountability, transparency and participation of the people in decision-making and development process” (Malawi Government, 1998b).

Each local government authority constitutes an assembly. According to the Local Government Act 1998 there are four different types of assemblies in Malawi. These include: District Assemblies, City Assemblies, Municipal Assembly and Town Assemblies. These local government assemblies became functional following the local elections in 2000. They are composed of the political wing (councillors) and the administrative wing as stipulated in the Constitution of the Republic of Malawi of 1995 section 147 (1 – 2) as follows:

1. Local government officers (the political wing) who shall be elected by free, secret and equal suffrage by the registered voters in the area over which that local government authority is to have jurisdiction.
2. Administrative personnel (the administrative wing), subordinate to local government officers (the political wing) to execute and administer the lawful resolutions and policies of those officers

The administrative wing is headed by a District Commissioner in the case of District and Municipal assemblies, and a Chief Executive in the case of City and Town assemblies. Below this are Directors of different departments including Finance, Administration, and Planning and Development. All these positions are contract based and together they form a formidable team to run the day-to day administrative activities and implement public policy at the local level. The political side is headed by a Mayor in the case of City and Municipal assemblies and a Chairperson in the case of District and Town Assemblies. These are elected by and among councillors. The political wing is responsible for the formulation of policies and receives reports from the managers on the results and outcomes of such policies. It is elected every five years.

1.2. RATIONALE/ STATEMENT OF THE PROBLEM

The New Public Management paradigm (hereafter NPM) has been implemented in many countries both at the “central and local levels of the public sector” (Siverbo, 2003:3) to the extent that it has been said to be a “global” (Hughes, 1998:58); an “inevitable” (Osborne and Gaebler, 1992:325); a “public management for all seasons” (Hood, 1991); and an “example of globalisation at work” (United Nations, 2001:36). Despite this massive publicity, the doctrine of NPM has had diverse impacts in different countries. In some countries it has proved a success while other countries it has simply not worked. Despite warnings for its inapplicability and undesirable consequences in developing countries (Minogue, 2000; Polidano *et al*, 1998 and Huque, 2004), many of these countries have gone on to implement them with the insistence of the donor institutions notably, the World Bank and the International Monetary Fund. Malawi is not an exception. The implementation of the NPM reforms (stated in the previous section) at the local level, although seemingly successful, has had different unfavourable consequences which have not been critically examined and addressed. The main issues in question are concerns that the NPM reforms have led to the loss of local political control and have increased local opportunities for corruption. These undesirable consequences are in turn feared to impact negatively on public policy outcomes.

Although both the Constitution and the Local Government Act clearly stipulate the demarcation of powers between the political and administrative wings of the local governance (inline with the NPM dictates), there are conflicts and rivalry relationship between them. Most of these conflicts point to the tactics of regaining control and power that the political wing thinks it is losing as it has to keep away from policy implementation. On the other side, the administrative wing is not comfortable with the constant intrusions of politicians in service delivery and policy implementation. To illustrate, at Lilongwe City Assembly the political wing accused the Chief Executive Officer (management wing) of being a “dictator in the way he runs the assembly” (The Nation, 2003a) and demanded not to renew his contract. The real reason for being labelled ‘dictator’ was that the Chief Executive Officer could not allow any political intrusion into policy implementation. Meanwhile, some councillors have been intervening in policy implementation by “forcing employees (administrative wing) to flout procedures and award them contracts” (The Nation, 2003b). Despite the fact that decentralisation (and NPM in general) in Malawi is to foster accountability, transparency and good governance at local level (Malawi Government 1996;

Malawi Government, 1998a), there have been queries that NPM elements including decentralisation itself, have created an unhealthy breeding ground for corruption. Notable examples in this regard include the case where the Mangochi Town Assembly Chairman (of the political wing) and his deputy were convicted of participating in a tender process and corruptly awarding themselves a contract to the tune of MK6.5 million¹ (The Nation, 2003c). It must be noted that this case also hinges on the tactics to gain political control as awarding contracts is a policy implementation issue which was supposed to be under the realm of the administration wing. In addition, the Blantyre City Mayor has many times been “accused of abusing and draining the Assembly’s coffers” (Malawi News, 2003). The administrative wing is not without blame. It has been involved in NPM related corruption issues including asking contractors for bribes, extortion, getting kickbacks and self-enrichment. For instance the Director of Planning and Development, and the Building Supervisor of Chitipa District Assembly were arrested on corruption charges which involved asking for bribes to award contracts where they told the contractors that “the contracts were not given to them on a silver platter but that they should at least do something as a return favour,” (Nation Online, 2004a). They were also accused of using privileged contract information in favour of a relative. Another case in point is that of the Kasungu District Commissioner and the Director of Finance found guilty of corruption and misappropriation of Assembly money amounting to MK3.6 million (Nation Online, 2004b).

With all these revelations and insights of NPM reforms leading to reduced local political control and creating more openings and opportunities for corruption, one can predict the devastating implications on public policy outcomes. However, there has been no comprehensive study conducted to assess the impact of NPM reforms on local political control and corruption in Malawi’s local government. This study therefore intends to fill the knowledge gap. In this regard, the study will highlight challenges that the implementation of NPM reforms is experiencing in terms of political control and corruption in Malawi’s Local Governance. This will help to fill the knowledge vacuum and give public sector reformers renewed insights in the implementation of the reform programs.

¹ MK=Malawi Kwacha. Kwacha is Malawi’s currency. As of 17th January 2005, MK15.94 = R 1 (R=South African Rand). **Source:** Standard Bank Exchange Rates, 17th January 2005

1.4. OBJECTIVES OF THE STUDY

The study has general and specific objectives as follows:

1.4.1 GENERAL OBJECTIVES

The general objective of this study is to critically examine and evaluate the extent to which the New Public Management reforms that are being implemented in Malawi's Local Government erode local political control and foster corruption.

1.4.2 SPECIFIC OBJECTIVES

The specific objectives of this study are as follows:

- To provide a broader understanding of the New Public Management reforms
- To provide both a critical and objective analysis of the rationale and possible unintended consequences of the NPM paradigm
- To explore how the NPM reforms are being implemented in Malawi's Local Government
- To explore the challenges being encounter in terms of political control and corruption in the implementation of the NPM reforms in Malawi
- To explore measures that can be put in place to avert and minimise the impact of the unintended consequences of NPM

1.5. RESEARCH HYPOTHESIS

The working hypothesis of this study is:

New Public Management reforms result in reduced political control and foster corruption.

1.6. OUTLINE OF CHAPTERS

This study has six chapters. Chapter one introduces the study. It has the following subsections: background to the study; problem statement; objectives of the study consisting of general and specific objectives; research hypothesis; limitations to the study; and chapter outline.

Chapter two consists of the literature review. It has two main subsections. The first subsection discusses public sector reforms while the second looks at public reforms packages that are frequently applied and problems associated with them. Two main reform prescriptions will be explored namely; the New Public Management and the Public Governance model.

Chapter three presents public sector reforms in Malawi. It looks at both what the study classifies as first generation reforms and second generation reforms.

Chapter four contains the study's operational instruments. It brings fourth the methods that were used to carry out this study and a profile of the sampled local government assemblies. It also presents the study design and data analysis procedure.

Chapter five provides the findings of this study. It particularly focuses on the working relations between councillors and local government managers in the light of NPM which point to reduced local political control and instances of corruption that relate to NPM.

Chapter six brings fourth recommendations and concludes the study.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

This chapter presents a literature review. It brings forth theoretical concepts regarding public sector reforms. It has four main sections. Section One explores public sector reforms, and the second section looks at what specific reform packages are proposed. Section Two is further divided into two main subsections: the first sub-section discusses the New Public Management (NPM) paradigm. Within this sub-heading, are the rationale of the NPM, and dysfunctional consequences of the NPM which include loss in political control and corruption. The second subsection looks at the Public Governance model. The rationale of the Public Governance paradigm and problems which the Public Governance model has encountered are also discussed in this subsection.

2.2. PUBLIC SECTOR REFORM

Public sector reform is a common occurrence in many countries to the extent that it has “become one of those things that no government can do without” (Lane, 2001:12). It refers to the “induced systematic improvement of public sector operational performance” (Caiden, 1991:1). In the same regard, Pollitt and Bouckaert (2000:8) describe it as “deliberate changes to the structures and processes of public sector organisations with the objective of getting them (in some sense) to run better”.

Reforms aim to “improve the effectiveness and performance of the civil service to ensure its affordability and sustainability... (so as)... to raise the quality of public services delivered to the population and to enhance the capacity to carry out core government functions” (Wescott, 1999:2). The reasoning is that there are some problems with the running of public affairs and public sector reform “presupposes the solution” (Batley and Larbi, 2004: 39-40). It is suggested that these problems arise due to the use of the traditional public administration based on Max Weber’s rational/legal bureaucracy. It is in this respect that many authors agree that the primary drive for public sector reforms was to change the traditional public administration (Hughes, 1998; Caiden, 1991; Caiden 2001; Batley and Larbi, 2004; Ferlie *et*

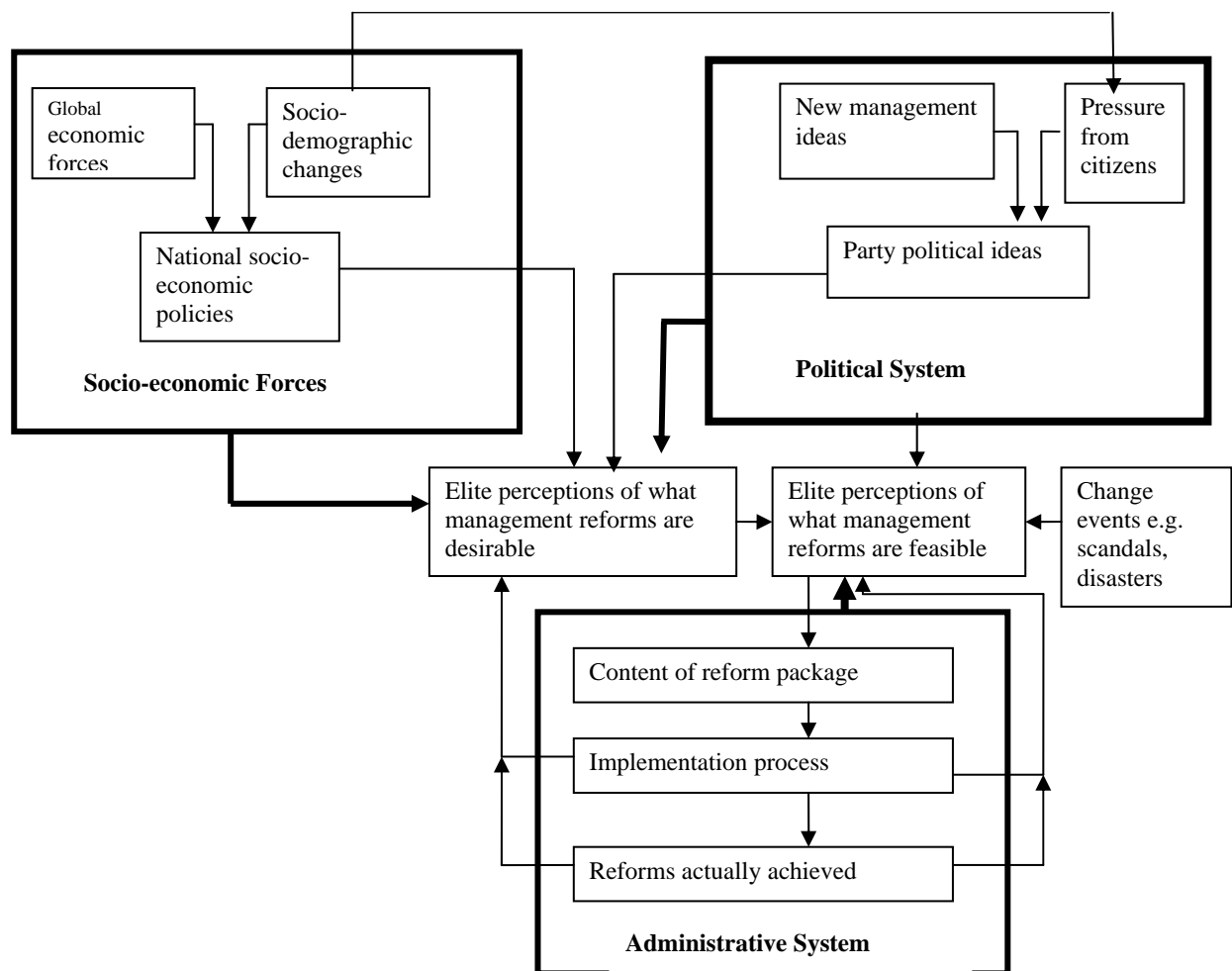
al 1996; and Pollitt and Bouckaert 2000: 58-59). In fact “the arguments for limiting the role of the state were in essence against traditional public administration” (Batley and Larbi, 2004:39).

Although at time of Max Weber the traditional public administration was considered as “the one best way of administering”, (Hughes, 1998:38) and it “meant something positive” (Osborne and Gaebler, 1992:12), in recent times it has been seen to be “in need of replacement by more flexible, fast moving performance oriented forms of modern organisation” (Pollitt and Bouckaert 2000:59). This is the case as it has been seen to be “rigid and bureaucratic, narrowly focused and preoccupied with structure” (Hughes 1998:38) and therefore it “no longer worked very well” (Osborne and Gaebler, 1992:12).

In particular, governments that used it became over bloated; “suffered from bureaupathologies characterised by waste, inflexibility, impenetrability of hierarchy, the rigidity of dense internal rules and unresponsiveness to service users” (Batley and Larbi, 2004: 39); and they simply “do not function well in the (present) changing, information-rich, knowledge-intensive society and economy” (Osborne and Gaebler, 1992:12). Hughes (1998:39), comments that bureaucracy was ideal for control but not for management; allowed for certainty but was slow in moving; standardised work but at the cost of innovation; and political control could not assure genuine accountability. Therefore the “dead hand of bureaucracy has to be replaced by a new invigorating concept of public management and clear proof that public organisations are value for money” (Caiden, 2001: 655-656).

The problems with the traditional bureaucracy have been precipitated by some “winds of change ... (which have) been recognised as demanding radical alterations in the way public business was being conducted” (Caiden, 1991:1). Pollitt and Bouckaert, (2000:26) classified these ‘winds of change’ as social-economic, political and administrative forces as depicted in figure 2.1 below:

Figure 2.1: Forces For Reform



Source: Pollitt and Bouckaert, 2000:26.

It must be noted however that although public sector reforms are meant to improve the public service, unintended results are a normal phenomenon. Public sector reforms may yield “bad results” including a “deterioration rather an improvement in performance” (Boyne, Farrell, Law, Powell and Walker, 2003:4). This is mostly the case as public sector reform “realities may be a quite different matter, as there tend to be huge distance between lofty theory and down-to-earth practice” (Lane, 2001:1). Moreover the absence of intense social conflicts; the presence of resources, technology and enterprise, and high intolerance for maladministration which are the necessary prerequisites for successful reforms (Caiden, 1991: 47) are not

always present in implementing countries rendering the reforms unobtainable. However, despite these obstacles and unintended consequences, public sector reforms have not diminished in popularity.

2.3. WHAT REFORM PACKAGES ARE PROPOSED

Although there may be some overlaps, the public sector reform packages can be categorised into two main bundles: The new public management paradigm and the public governance paradigm.

2.4. THE NEW PUBLIC MANAGEMENT PARADIGM

The NPM paradigm is a notoriously difficult and slippery concept to pin down. This is the case as it has a “number of facets or ingredients and from one country and time to another the emphasis may vary between these” (Pollitt, 2003:27). This hinges on the fact that “there is no simple convergence on one new public management model, but rather that a range of options is available” (Ferlie, Ashburner, Fitzgerald and Pettigrew, 1996:20). In addition different authors emphasise on different aspects of the concept calling it different names in the process. For instance, it is called the ‘entrepreneurial government’ by Osborne and Gaebler, (1992); Pollitt (1990) calls it ‘managerialism’; Hood (1991) refers to it as ‘new public management’; Lan and Rosenbloom (1992) say it is ‘market based public administration’; and Kaul (1997) names it ‘new public administration’. What is certain however, is that the “label covers all types of public sector reforms and excludes nothing” (Bevir, Rhodes and Weller, 2003:2). Although Dunleavy and Margetts, (2000:13) summarises the NPM paradigm as “disaggregation + competition + incentivization”, we can identify its “doctrinal elements” (Hood, 1991:5) as follows:

The first element is the implementation of hands-on professional management in the public sector. This means “active, visible discretionary control of organisations from named persons at the top, free to manage since accountability requires clear assignment of responsibility for action” (Hood, 1991:4). This is highlighted by the NPM movement’s slogan: “let the managers manage” and “management is management” (United Nations, 2001:37). According to Hughes (1998:61), this implies that managers would themselves be responsible for the

achievement of results rather than being an administrator, following someone's (politicians) directives.

The second aspect is the adoption of output or result oriented public service management. This entails a shift in the focus of management from inputs and process towards outputs and outcomes (Pollitt, 2003:27). In this regard, resource allocation and rewards are linked to measured performance (Hood, 1991:4). In terms of budgeting, the performance and programme budgeting systems that looks at "outputs rather than inputs" (Kaul, 1997:23) replace the older line item budgeting (Hughes, 1998: 64) and links performance information with budgets (United Nations, 2001:40). This makes managers to be accountable to politicians for results and outcomes rather than inputs and processes.

Thirdly, for output based public service to materialise, there is need for the adoption of explicit standards and measures of performance. According to Hood (1991:4), this entails the definition of goals, targets and indicators of success. The argument is that performance management would ensure managerial autonomy so that managers work to their best; address problems of accountability (United Nations Economic Council for Africa, 2003:14); and regulate the activities of public managers (Minogue, 1998:142). Performance measurements also entail the development of citizen charters which set out the standard of service which the public has the right to receive and offer some redress for failure to achieve that standard (Hollis and Plokker, 1995:45). In this regards, citizens are no longer considered as "passive recipients of services but active customers" (Kaul, 1997:15).

Fourthly, NPM stresses on the practice of private sector styles of management in the public service. The argument is that the private sector is efficient because it uses market principles and therefore to make government more efficient we need to use the same. The assumption is that running government is like running Marks and Spencer (private business) either in content and execution (Rayner cited in Metcalfe and Richards, 1990:156). In this regard NPM stresses on greater flexibility and autonomy in hiring and rewards, and use of 'proven' private sector management tools (Hood, 1991:5) which include customer service where citizens are regarded as 'customers' to be served instead of 'clients' to be managed (Kettl, 1997:452). In addition there should be "greater discipline and parsimony in resource use" (Hood, 1991:5). This entails, cutting costs, raising productivity, and doing more with less (Hood, 1991:5), directing resources to emphasise those programmes which most assist the

attainment of strategic goals (Hughes, 1998:65), cost effectiveness, and value for money (Kroukamp, 2001:24). In this regard NPM empowers public officers to be 'entrepreneurial' (Osborne and Gaebler 1992) and makes them cost conscious and more transparent.

In addition, there must be a move to greater competition in the public sector. This is the case as "rivalry is the key to lower costs and better standards" (Hood, 1991:5). This competition is introduced through privatisation, contracting out, the use of public-private-partnerships, and the introduction of user fees. Privatisation incorporates deregulation and transferring of ownership of assets from the public to the private sector (Metcalf and Richards, 1990:156-157) so as to "foster efficiency, encourage investment and free public resources for investments in infrastructure and social programmes" (Khandwalla, 1999:128). On the other hand, contracting out involves the "out-sourcing or buying in of goods and services from external sources instead of providing them in house" (Larbi, 1999:27). The logic is that the private sector can carry out such services in a more efficient and cost effective manner than the government. Private-public-partnerships involve working arrangements based on "mutual commitment (over and above that implied in any contract) between a public sector organisation and any organisation outside the public sector" (Bovaird, 2004:200). It entails the "broadening and blurring of the frontier between the public and private sectors through the creation of hybrid organisations" (Pollitt, 2002:474). User fees work to supplement government revenue and make it more efficient and improve quality (Larbi, 1999:32) because users will demand better value for their money. In addition, by providing a way to test market demand, user charges assist departments in determining the proper scale of delivery and contribute to responsive government (Kroukamp, 2001:30).

NPM also champions the desegregation and decentralisation of units in the public sector. This involves the "breaking up of monolithic units, destroying of U-form management systems into corporatised units around products, operating on decentralised one line budgets and dealing with one another on an 'arms-length basis'" (Hood, 1991:5). The key is to "unbundle" (Ferlie *et al*, 1996:12), "debureaucratise the public service and delayer hierarchies within them" (Larbi, 1999:17); "hiving off central government functions to local authorities" (United Nations Economic Commission for Africa, 2003:9) and "hollow out government" (Minogue, 2000: 12). The idea is that the government should have a "smaller policy core overseeing flatter, less hierarchical, more fragmented implementing periphery" (Minogue, 2000:12). This in turn achieves the distinction between policy and operation

functions of government so that governments become “catalytic” and they “steer instead of row” (Osborne and Gaebler 1992:25).

Related to the above, NPM is for the separation of owner and purchaser functions of government in public service delivery. In this arena, government as the purchaser should be given the liberty to purchase from “non departmental sources” (Bale and Dale, 1998:108) and even from private providers through a competitive process. Within the provider-purchaser split there is the principle of “capital charging” (Bale and Dale, 1998: 110) where the notion that government agencies should pay for the cost of capital invested in them, thrives. This encourages the responsible use of such items and enables managers request for capital items they really need.

2.4.1. THE RATIONALE OF NEW PUBLIC MANAGEMENT REFORMS

Many authors agree that NPM is happening because the old way (traditional bureaucracy) does not work under contemporary conditions and therefore governments all over the world are mitigating towards a new way of running things (entrepreneurial government) which does work (Pollitt, 2002:481-482; Osborn and Gaebler, 1992, Hughes, 1998:54 ff). In this regard, Pollitt, (1990:59) contends that NPM aims to achieve the “virtuous three Es’: economy, efficiency and effectiveness”. More specifically, Pollitt (2000:165 ff) and de Bruijn (2002) observe that NPM reforms are implemented to attain the following results: savings and reduced budget appropriations; improved, faster, more accessible processes; improved efficiency; greater effectiveness; increase in the overall capacity, flexibility and resilience of the administrative system as a whole; and productivity and increased output. Apart from these, NPM has been implemented to attain more specific aims and results. For instance in the United Kingdom, NPM aimed to create the minimalist state while in Norway it aimed to protect the state (Bevir *et al*, 2003:2).

Generally, the NPM reforms have been trumpeted as both necessary and successful (Pollitt and Bouckaert, 2000). In their study, Christensen and Lægreid (2004:129) found that public manager saw increasing awareness of goals, means and results and making both the control and activities of the public service better. However, Pollitt, (2003:38) is suspicious that the architects of NPM were “so confident of its benefits that they were content to leave the results as matters of faith rather than as issues to be checked and evaluated”. This is

supported by Christensen and Laegreid, (2001:74) who argue that the “effects and implications of NPM are often assumed or promised but not well documented”. It is not the intention of this study to divulge into this discussion. However, it is sufficient to say that NPM has had mixed results. In some instances it has worked up to the reformers’ expectations while in others it has proved a failure (Polidano *et al*, 1998:285).

2.4.2 DYSFUNCTIONAL CONSEQUENCES OF THE NEW PUBLIC MANAGEMENT REFORMS

Unintended consequences are not uncommon in the public management literature. After all every reform and human organisation has the “Achilles’ Heels” (Hood, 1998:28). This study is concerned with two NPM dysfunctional consequences namely: loss of political control and the creation of a fertile breeding ground for corruption.

2.4.2.1 NEW PUBLIC MANAGEMENT AND LOSS OF POLITICAL CONTROL

There have been queries that the NPM has led to the loss of political control while increasing the power of bureaucrats thereby threatening democratic governance.

The ‘traditional public administration’ gave more power and responsibility to the politicians while public officials were only regarded as administrators implementing public policies under the strict supervision of politicians. On the other hand, NPM simultaneously promises public managers more freedom and politicians more control and public service users more choice (Pollitt, 2003:26). The slogan has been “increase political control, free managers to manage and empower service consumers” (Ferlie *et al*, 2000:155). However, the problem with this is that NPM promises empowerment to everyone, a thing that is practically impossible to achieve. In this regard, Ferlie *et al*, (2000:155) ask as to “how is it possible to give managers greater freedom and yet at the same time place them under the central control of ministers (politicians) and oblige them to be more responsive to newly empowered consumers?”. The sober reality is that one section has to gain more power over the others. Following this, Hood (1998:208) questions that “since not everyone can be empowered at the same time, who exactly is to be empowered against whom?” The answer is that in practice, administrators have gained more autonomy while political control has deteriorated. This is the case as “politicians expend little time and energy on the new steering techniques and

leave them to a greater extent to the administration leaders, thus in practice transferring power and influence to them” (Christensen and Laegreid, 2004:16). Moreover the NPM is concerned with the economics rather than the politics of service provision (United Nations, 2001:38) and it is “anti-politics, with collective choice being replaced with individual choice” (McGarvey, 1997:630) thereby “potentially undermining political control” (Christensen and Laegreid, 2004:19). In addition, “since the public servant is to be managerially accountable, this is seen as detracting from the accountability of a responsible politician” (Hughes, 1998:77). This is the case as a “preoccupation with efficiency overvalues the need for managerial accountability rather than political responsibility” (Christensen and Laegreid, 2001:90) so that “politicians lose control through greater administrative and commercial autonomy” (Christensen and Laegreid, 2004:21-22). A more recent evidence in this tune is in Norway where politicians agreed that NPM had “undermined their political control, something they saw as somewhat problematic, they also acknowledged the existence of pressure to use their remaining control instruments in a passive and reactive way” (Christensen and Laegreid, 2004: 16).

The whole mark of representative democracy is the election time where voters elect politicians who control the public sector (Jorgensen and Bozeman, 2002:67). The loss of political control has implications on democratic governance. Managers are given so much freedom that there is some erosion of democratic control (Pollitt, 2003:47). In this regard some have argued that with the NPM “democracy is to a large extent by-passed” (McGarvey, 1997:630) so that “the role of elected members is a minimal one”. In this respect, NPM raises “huge challenges for the behaviour of elected officials and for the operation of democracy” (Kettl, 1997:457) since “representative democratic mechanisms are being viewed as to a large extent flawed in transmitting the electorates’ preferences” (McGarvey, 1997:629-630). Due to its exclusive focus on the delivery of service, NPM “defines politics in a very narrow manner” (Stoker, 1996:6) thereby “weakening democratic institutions, limiting citizen participation in politics and weakening the democratic process” (Farnham and Horton, 1996: 276). Moreover, there is a tendency to define “political involvement in public enterprises as inappropriate interference in business matters” (Christensen and Laegreid, 2004:16) and thereby “radically transforms the connections between elected officials and voters... (and ultimately) affects the sinews of democracy” (Kettl, 1997:457). It must be noted however that NPM ignores the citizen-politician nexus not because it ignores citizen participation but

because it ignores the politician – as is natural in a theory drawn from the private sector (Frant, 1996:9).

In practice, the loss of political control has brought a rivalry, an “unstable and an ebb-and-flow” (Christensen and Laegreid, 2004:19) relationship between the politicians and the bureaucrats. The politicians have seen NPM is a “self-serving movement designed to promote the career interests of an elite group of new managerialists rather than the mass of public service customers” (Hood, 1991:9). They consider strong bureaucracy as executive attempts to evade legislative areas and usurp their representative function. In this regard, it has become particularly difficult and problematic for the political leadership to meet the requirement of a rationally planned NPM reform process (Christensen and Laegreid, 2004:19). On the other hand, the bureaucracy perceives intervention by political executives as the intrusion of partisan politics into fields from which politics should be excluded. In this regard there is a tendency to define political involvement as “inappropriate interference in business matters” (Christensen and Laegreid, 2001:81). They contend that politicians make decision without scientific evidence (Ham, Robinson and Hunter, 1995) and political decisions are often concerned to lack logic (Schedler, 2003:534).

Politicians however, cannot afford to lose control over the implementation of public policy. As a result they employ various strategies to win back their control. More often than not, politicians “get their revenge by influencing small-scale daily business” (du Voitel, 1996:6) while in other respects they use politicisation, regulation inside government, and specific incursion into the managerial space (Hood, 2000:16). They also try to blame the bureaucrats. The administrative leaders on the other hand, are “reluctant to accept blame and try to push the blame back to the politicians and cover their backs” (Christensen and Laegreid, 2004:20). This brings unhealthy confrontation and conflicts in public service delivery.

2.4.2.2. NEW PUBLIC MANAGEMENT AND CORRUPTION

The subject of corruption is not short of literature. Generally, corruption involves the illegal transfer of public resources from public to private use. It is defined as the “misuse of public office for private gains” (Chetwynd, Chetwynd and Spector, 2003:6). Nye captured the concept of corruption very well in his historical text when he referred to it as the “behaviour which deviates from the formal duties of a public role because of private regarding (personal,

close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private regarding influence” (Nye, 1967:419). Corruption as an activity includes but not limited to embezzlement, nepotism, bribery, extortion, influence pending and fraud (Chetwynd *et al*, 2003:6).

Research on the straight cut cause-effect relationship between NPM and corruption is very narrow. In addition, many authors do not establish a direct link between NPM and corruption. Common in the available literature is the argument that NPM per se does not cause corruption but it provides opportunities for corruption. However some researchers have substantiated this with the fact that “it’s the opportunity that makes thieves” (von Maravic and Reichard, 2003:124), and consequently, linking corruption directly to NPM reforms. In this respect, Haque (2000:608) is concerned that “increased managerial autonomy in public governance may expand the avenues for using public office for private gains; that decentralised budgeting poses a challenge to financial accountability; and that the ‘business’ of public service may have increased the abuse of official power.” In addition, Pereira, (2001) laments that NPM reforms involving increased flexibility and autonomy may be seen as a new opportunity for nepotism and clientelism. Of all the commentators, Hood (1998:29) goes straight to conclude that the “three commonest failings” of NPM are “bribery, misappropriation and extortion; front-line abandonment; and the use public organisations for personal ego-trips” (Hood, 1998:29)-which all point to corruption.

According to Gratto, Preston and Snilsberg (2002:4) NPM has two major implications for corruption: firstly, it creates the potential for corruption in a wide range of actors and that the flexibility of these networks makes it more difficult to maintain accountability and oversight. Secondly, the line between the government and private sector actors becomes increasingly blurred in NPM. In agreement, von Maravic and Reichard (2003:85) note that NPM indirectly fosters corruption as it contributes to:

- A decline of an ethics infrastructure, and of alienation and insecurity of public servants
- Intensified markets for contracts and rent seeking behaviour of market participants
- A possibility of underpinning supervision and control of the administration due to the decentralisation and fragmented structure of purchaser-provider models

In particular, the NPM favours contracting out of public goods and services in the delivery of public services. Contracting out is seen as key to the creation of competition necessary for the efficient and effective delivery of public services (Metcalf and Richards, 1990). However, “contracting out enhances the risk of corrupt practices at the interface between private business and governmental discretion” (Gregory, 1999:66). In this regard, more often than not the contracting-out process is open to corruption, mismanagement, profiteering, waste and public immorality (Caiden, 1982:143; Huque, 2004). This is the case as “markets are and will continue to be a force tending toward corruption” (Warren, 2004:340). On the one hand, a person in a high position who formulates government policy or is able to influence government decision-making seeks, as a *quid pro quo*, payment for exercising discretionary powers vested in him or her (Jiyawickrama, 2001:283). On the other hand, powerful actors are motivated to penetrate government wherever possible, either to get privileged access to government contracts or to affect the rules of competition in ways favourable to them (Warren, 2004:340). If this happens, “contracting relationship (becomes)...one of mutual dependence than one of promoting economic competition” (Self, 1993:127).

In addition, out-sourcing is intended to introduce a financier/purchaser/provider split in the delivery of public services. In most cases the politicians are perceived as the financiers, administration as the purchaser, and private firms (contractors) as providers (Schedler and Proeller, 2000:85). Von Maravic (2003:13) observes that who is actually the purchaser and the provider depends very much on the situation. Von Maravic further argues that between all these actors corruption is possible “because they all potentially belong to the public production process and use public money for service delivery” (von Maravic 2003:13). Moreover “sectors where corruption flourishes are the ones where the government and private firms have a commercial contractual relationship” (Meny, 2000:205). In this regard von Maravic (2003:13) proposed a typology of corruption in the financier/purchaser/provider split as captured in table 1 below:

Table 2.1 A Typology of Corruption

Financier Corruption	Purchaser Corruption	Provider Corruption
Bureaucrat bribes Politician	Politician bribes Bureaucrat	Politician bribes Market participant
Market participant bribes Politician	Corruption Between Departments	Bureaucrat bribes Market participant
	Market participant bribes Bureaucrat	Corruption between Market participants

Source: von Maravic, 2003: 13

Further, the NPM paradigm champions privatisation as a means to get rid of inefficient public enterprises, open more room for accountability, and enhance competition. However, just as in contracting-out, “the process of transferring assets to private ownership is fraught with corrupt opportunities” (Rose-Ackerman, 1999:35) and “ends up as a simple rearrangement of the rent-seeking playing field” (Hopkins, 2002:584). In many cases, privatisation has “amounted to little more than the licensed theft of state property” (Brown and Cloke, 2004:288) because the bureaucrats and politicians see privatisation as an opportunity for self-enrichment (Hopkins, 2002:584).

In addition, NPM favours decentralisation as an appropriate service delivery mechanism. The argument is that being closer to the people, local authorities will easily identify peoples’ needs, and thus supply the appropriate form and level of service delivery (Enemuo, 2000). However in many instances, “decentralisation is attended by an increase in the number of persons who are involved in corrupt acts” (Manor, 1999:101). The local elites use control over local government to further personal gains, rather than promote community development. Selfish council officials exploit and take advantage of the new opportunities presented by the decentralised structures to pursue their personal gains. Since in a decentralisation system resources are spent and invested at the elected official’s discretion (Mawhood, 1993:2), decentralised governance becomes a vehicle for bringing the once centralised and hidden resources closer to the local political elites for plunder. In this context, Manor (1999:74) noted that the creation of elected councillors and the decentralisation of resources onto these structures in the Indian State of Karnakata led to increased corruption.

Moreover, due to the overemphasis of results, public officers adopt undesirable and corrupt means just to produce better results (Haque, 2000:608). After all with NPM it does not matter how you reach the results but what matters are the results themselves. In addition, performance management and emphasis on results has made managers to cheat the system by reporting high performance scores although they have obtained low results.

To conclude, the NPM has been accused of opening “floodgates of corruption” (Polidano and Hulme, 2001:287) because in general, the introduction of the private sector motivations and practices has weakened the core ethos of public service within the public sector (Brereton and Temple, 1999:455). In many instances NPM has resulted in the ‘aggrandizement of management’ (Hood, 1991:9) and politicians. This is the case as NPM “assumes the culture of honesty as given and devices instituted to ensure honesty and neutrality (such as rules of procedure and restraints on discretion) were therefore removed without concern” (Hood, 1991:16). Moreover, accountability in the NPM is more fluid (Hughes, 1998:234) since “accountability by contracts is based on the idea of opportunistic behaviour, whereby people learn to distrust each other” (Christensen and Laegreid, 2004:20). Therefore, even if NPM reforms “increase frugality and efficiency, these gains are bought at the expense of honesty and fair dealing and of security, resilience” (Hood, 1991:16), accountability (Minogue, 1998:32) and corruption.

2.4.3 CONTEXTUALISING THE NEW PUBLIC MANAGEMENT AND CORRUPTION IN DEVELOPING COUNTRIES: THE ‘SOFT STATES’

2.4.3.1 THE SOFT STATE

The concept of ‘soft state’ was first developed by Myrdal (1968) in his book “*Asian Drama*”, in direct reference to the post-independence South Asia. However, the attributes of the soft state are not only unique to Asian Countries and can be applied to the rest of the developing world and Africa in particular (Mkandawire, 1998; Tetzlaff cited in Ebermann, 1998:9; Bayart, 1993). Moreover Myrdal himself agreed that “the soft state falls under the categories of undesirable conditions –attitudes, institutions and policies- and one of the main characteristics of underdevelopment” (Myrdal, 1968: 1909) to which most of the African

countries belong. In fact in modern times African states are more ‘soft’ than Asian states which have now become ‘developmental’ or ‘hard’ states

According to Myrdal, a soft state is the one where “policies decided on are often not enforced (and) the authorities even when framing policies are reluctant to place obligations on people” (Myrdal, 1968:66). For Myrdal (1968), central to the soft state is the fact that “the level of social discipline is low” (Myrdal, 1968:277). In this regard “there is unwillingness among the rulers to impose obligations on the governed and corresponding unwillingness on their part to obey rules laid down by democratic processes” (Myrdal, 1968:277). In his 1970 work on *World Poverty*, Myrdal stipulated that the indiscipline of the soft state manifests itself in deficiencies in legislation, a widespread disobedience by public officials on various levels to rules and directives handed down to them, and often their collusion with powerful persons and groups whose conduct they should regulate (Myrdal, 1970). To this end, Osaghae (2003:1) comments that “the soft state and its associated problems is attributed to the distorted social order and related pathological political, economic and social relations”. This stand was echoed by Tetzlaff (cited in Ebermann, 1998: 9) in his formulation of “The African soft state”. He noted that the African soft state is characterised by:

- a deficient predictability and discipline in all political matters,
- a chronic lack of publicly accessible know-how and resources to enforce authority
- laws and decrees are ignored (without consequence of those who violate them)
- bureaucratic processes are disturbed by incompetent politicians,
- the professional ethics of government officials is offended and public officials are demoralised
- the utilisation of public means is not regulated

2.4.3.2. CORRUPTION IN THE SOFT STATES

Myrdal outlines four main problems that haunt the soft states which include low discipline, tax evasion, black-marketing, and corruption (1968:894). For the purpose of this study concentration will be put on the fourth problem – corruption.

Corruption is a characteristic feature of soft states. In this regard, Myrdal attests that “the prevalence of corruption is one aspect of the soft state” (Myrdal, 1968:550). In fact

“corruption is one of the forces that help to preserve the soft state with its low degree of social discipline” (Myrdal, 1968:552). In this manner, Osaghae, (2003:1) agrees that the unique nature of soft states is that it has ethnicity, nepotism, and corruption as underlying elements. However, ethnicity and nepotism both point to corruption. In soft states, corruption is institutionalised so that it is a norm rather than an exception (Theobald, 1999). Bayart, (1993) characterised the corrupt relationships existing in the soft state as the “politics of the belly”. In a Transparency International corruption study of 102 countries, 70 countries most of which were the “worlds most poverty stricken countries” scored less than 5 out of the clean score of 10 (Transparency International, 2002:1). All of these ‘most poverty stricken countries’ are soft states since underdevelopment characterises the soft state (Myrdal, 1968: 1909).

Corruption is rampant in soft states because of the laxity and arbitrariness that are exploited for personal gain by people who have social, economic and political power (Perera, 2003:20). This line of thought is further advanced by Goldthorpe (1975:265) who argues that in soft states corruption is high since “formal rules ...are applied copiously and in a lax manner rather than vigorous and consistently...(and) private advantage can be gained and private bargains struck concerning the enforcement or non enforcement of the rules”. He further highlights that “besides money, another inducement is kinship settlement and another is the favour of superiors” (ibid). The prevalence of corruption in a soft state is better explained by Mobutu Seseseko, the former president of Zaire (now the Democratic Republic of Congo), a well-known soft state, when he once attested that:

When I had to travel, I would tell my advisor that I needed one million dollars. My advisor would tell the Prime Minister to pass on two million dollars. The Prime Minister would tell the Minister of Finance to give him three million dollars. The Minister of Finance would give the Director of the Central Bank the order to hand over four million dollars. The Director would withdraw five million dollars. And I would be given one million dollars. That’s it! (Mobutu Seseseko, quoted in Bergman, 1998: 9-10)

It must be noted that corruption in the soft state takes place in the whole civil service strata. Both senior and junior public sector employees participate in corrupt activities. This is the case as the management of government in soft states is already afflicted by corruption and nepotism (Polidano, 1999) and due to the low level of social discipline (Myrdal, 1968:950).

In this manner, “while the opportunities for large scale exploitation opened up by the soft state are only at the disposal of the upper class, even persons quite low in the social ladder often find such opportunities for petty gains” (Perera, 2003:20).

2.4.3.3. THE NEW PUBLIC MANAGEMENT IN THE CORRUPTION PRONE SOFT STATES

As it has been noted in the sections above, literature has it that the New Public Management paradigm fosters corruption. Its doctrinal components inherently, create a lot of loopholes for corrupt activities to take place. In this manner, its elements create opportunities, motivations, and incentives for corruption.

This situation becomes worse when the new public management is implemented in soft states. This is the case as due to the lack of social discipline and the already prevalence of corruption in soft states, public officers make use of avenues created by the new public management to advance their own personal interests. In this manner, the new public management is seen to ‘fertilise’ the already corrupt prone public sector with new mechanisms for increased corruption. In this regard, the impact of new public management on corruption becomes worse in soft states.

2.5. THE PUBLIC GOVERNANCE PARADIGM

Although some authors prefer to treat the Governance and the NPM approaches as the same (for example Rhodes, 2002), they are fundamentally different (see Salamon, 2002). In essence Governance is a political theory while NPM is an organisational theory, and Governance is about process while NPM is about outcomes (Peters and Pierre in Ewalt, 2001:8). Those that interpret “Governance as the New Public Management” (Rhodes, 2002:211) capitalise from the fact that governance is so “multi-dimensional” (Esterhuyse, 2000:61); has “started to change over time” (Cloete, 2000:3) and that it has millions of meanings that eventually render it meaningless. This has led one commentator to lament that the concept of governance is so “imprecise”, and “woolly” and it “does not have an agreed upon meaning” (Frederickson, 2004:6). This is precipitated by the fact that it is used in

almost all academic disciplines. It is for these reasons that this study restricts Governance to Public Governance.

Kickert (1997:182) defines Public Governance as “government ‘steering’ in a complex network of social actors” and Rhodes (2002: 215) refers to it as “self-organizing, interorganisational networks”. This is echoed by Kooiman (cited in Cloete, 2000:16) who describes governance as “purposeful activities ...aimed at guiding, steering controlling or managing aspects or facets of society”.

These definitions presuppose that Public Governance redefines the relationship between the state (public sector), society and the markets (Nolan, 2001:191) by “emphasising on the benefits that collaborative, and inter-agency partnerships can offer as a means of achieving public policy goals” (Lowndes and Skelcher, 2002: 302). In this regard, public governance entails the inclusion and interaction of all individuals and social groups involved in and affected by the delivery of public services. Public Governance emphasises the “interdependence between governmental and societal actors as one of crucial variables influencing the performance of public actors” (Daemen, 2000:54). As a result “complexity, pluriformity, pluricentrism, self-steering” (Kickert, 1997:184) are characteristic concepts of the Public Governance model. This line of thought is further pursued by Salamon (2002:9) in his comparative definition where he compares the public governance paradigm (he calls Public Governance ‘New Governance’) with the traditional public administration which it seeks to replace as illustrated in the table below:

Table 2.2: Comparison Between The Traditional Public Administration And The New Governance Paradigm

Classical Public Administration	New Governance
Program / Agency	Tool
Hierarchy	Network
Public vs. private	Public + private
Command and control	Negotiation and persuasion
Management skills	Enablement skills

Source: Salamon, 2002:9

According to Salamon (2002: 9-18) the above comparisons bring into the fore some pertinent definitional issues of the Public Governance approach as follows:

- Governance shifts focus in problem solving from public agency or individual public program to the distinctive *tools* or *instruments* through which public purposes are pursued
- Governance shifts attention from hierarchic agencies to organisational networks
- Governance removes sharp division between public and private spheres by blending the two together through collaboration rather than competition, to utilise complementarities that exist among the sectors to help solve public problems
- Governance replaces command and control with negotiation and persuasion as the preferred management approach, not only in setting of policy but in carrying it out
- Governance shifts focus from management skills to enablement skills of ‘activation’, ‘orchestration’ and ‘modulation’ needed for the engagement of horizontal network partners (Salamon, 2002: 9-18).

2.5.1. THE RATIONALE FOR THE PUBLIC GOVERNANCE MODEL

Most public management commentators support the Public Governance model because it involves the creation of “structures and practices that achieve accountability and equity while at the same time providing government flexibility, responsiveness and participation” (Nolan, 2001:191). Moreover the central feature of public governance is empowerment. This empowerment involves “granting enhanced powers of consultation to the clients of the organisation as well as involving lower-echelon workers in decisions taken by the organisation” (Kernaghan in Peters and Pierre 2001:7) and external actors. In addition, the interdependencies in public governance mean that service delivery cannot be hampered by resource insufficiency. This is the case as network “actors need each other because resources like authority, expertise, finances and political support are not usually in one source” (Daemen 2000:57). Cloete (2000:24) summarises the ideals of the Public Governance model in the following policy objectives:

- Representivity and equity in resource control and allocation
- Developmental and growth focus
- Participatory, responsive, people centred
- Democratic rights, stability, legitimacy and transparency

- Political and financial accountability
- Professionalism and ethics
- Flexible, effective, efficient and affordable process
- Coordination, integration and holism of services
- Creative, competitive and entrepreneurial practices
- Sustainable results (economic, social, political administrative, technological) (Cloete, 2000:24).

2.5.2. PROBLEMS WITH THE PUBLIC GOVERNANCE MODEL

Although in most cases the Public Governance model is regarded as a feasible solution to the ailing public sector, it has some shortfalls. In the first place the governance approach has not been fully implemented because its implementation is “not an easy task” (Nolan, 2001: 191) and is not “uniformly smooth” (Brinkerhoff, 2000:213). In fact the World Bank (cited in Cloete 2000:24) observes that “governments across the world find it hard to use the public governance approach in the exercise of their functions”. This is the case as public governance “brings together groups with a history of opposing views and objectives, and of mutual distrust that now need to work closely together... for example in many countries government officials view NGOs (Non Governmental Organisations) and CSOs (Civil Society Organisations) with suspicion or animosity” (Brinkerhoff, 2000:213).

Secondly, the governance approach is feared to result into government ‘free-riding’. Due to interdependences and over-reliance on external actors, government may relegate its service delivery responsibility to these external actors. This is compounded by the fact that “integrated networks resist government steering, develop their own policies and mould their environment” (Rhodes, 2002:215). As a result, questions over issues of equity and social justice may arise.

Related to the above, public governance brings in an “instance of private government” (Rhodes, 2002:221). This entails that government becomes preoccupied with faithfully serving network members rather than public service delivery. This is compounded by the fact that some network members do not enter into networks with a service delivery motive

rather they are concerned with maximising political privileges and avoid central government control necessary for their private programs.

2.6. CONCLUSIONS AND DEDUCTIONS

This chapter has explored theoretical concepts regarding public sector reforms. It concentrated on two main reform packages namely; the New Public Management (NPM) and the Public Governance Paradigm. It has also looked at the dysfunctional consequences of the two reform prescriptions. On the one hand, literature has it that New Public Management results in the loss of political control and corruption. On the other hand, reform commentators agree that the Public Governance model is difficult to implement, and results into government free riding.

In line with the impact of the new public management on corruption, it can be deduced from the literature review that the effects are more pronounced in 'soft states'. This is the case as these states already lack a sense of social discipline and corruption is already the *modus operandi*. In this manner, new public management is seen to provide more opportunities and avenues for corruption.

CHAPTER THREE

PUBLIC SECTOR REFORMS IN MALAWI

3.1. INTRODUCTION

This chapter presents public sector reforms in Malawi. It is organized into four main sections. Section One introduces this chapter while section Two presents background information to the reforms in Malawi. Section Three brings fourth first generation reforms and in Section Four second generation reforms are presented. Section Four is further subdivided into three subsections, namely: Pressures for Reform, The Reform Process, and Problems Encountered in the Reform Process.

3.2. BACKGROUND INFORMATION

This section explores public sector reforms in Malawi. Malawi became independent in 1964 after 73 years of the British colonial rule under the leadership of Hastings Kamuzu Banda. Soon Banda degenerated into a dictator, made himself life president and his Malawi Congress Party became the only legal political organization in the country. The thirty years of Banda's reign were so authoritarian that they were deemed to be "days of death and darkness" (Mutharika, 2003:10), the "thoughtless state of despotism" (Mapanje, 2002:184), "extreme authoritarianism" (Phiri and Ross, 1998:10), and the "most repressive, corrupt, predatory and violent political system in Africa" (Ihonvbere, 1997:225). 1994 saw the end of the Banda dictatorial regime in the county's first ever-democratic multi-party elections. The country became a democracy under the leadership of Bakili Muluzi.

It is against this background that the study categorises the reforms in Malawi into two: The first generation reforms and the second-generation reforms. The second-generation reforms refer to those reforms implemented in the Banda era while the second-generation reforms are those implemented in the democratic era.

3.3. THE FIRST GENERATION REFORMS

The reform of the Malawi's public sector takes its historical roots from the immediate post independence days in 1964. At this time the new Malawian leaders sought for ways and means to effectively and efficiently manage the postcolonial civil service. The issues at stake were mainly two: firstly there was the quest to abandon the British oriented civil service and create one that would adequately be used to obtain and achieve local aspirations by "making it more relevant to the socio-economic goals of the independent Malawi" (Msosa, 1998:23). Secondly, there was the will to "manage the transition from expatriate-based civil service to one dominated by Africans" (Durevall, 2001:5). To this effect, Thomas Skinner was commissioned to analyze the public sector and proposed recommendations to improve it. The Skinner Commission recommended a new salary structure and job redefinition that meant a reduction in the salaries of the civil servants. The reasoning was that "it would no longer be appropriate and the country could not afford to continue with the generous standards of pay and conditions of service which were obtained for the colonial administrators" (Msosa, 1998:23). Although the Banda administration implemented the Skinner Commission's recommendations, the deductions were resented and ministers objected it, leading to what is commonly referred to 'the cabinet crisis' (the massive expulsions and resignations of ministers that took place two months after independence in 1964).

The Malawi Government realized that the Skinner Commission only concentrated on recommendation that would ensure a cost effective postcolonial civil service and did not regard the reform of the public sector institutional structure and design. The government saw that there was need to put in new public organizational structure and design that will adequately work in the pursuit of the independent Malawi development agenda. In this regard, Malawi commissioned a review by the Economic Commission of Africa (ECA) in 1966. The review championed for the employment of effective leadership and institutional arrangements for the service (Msosa, 1998: 23). These measures were aimed at "increasing public sector efficiency and improving administrative capacities in state institutions" (Durevall, 2001:5). However, Msosa (1998:23) observes that "only recommendations to reorganize Government ministries were fully implemented".

Subsequently, the Civil Service Review Commission (CSRC) (also called the Herbecq Review Commission) was instituted in 1985. Msosa (1998: 23-24) reports that its mandates

were two fold: firstly, they were to examine how to modify staff structure, career development, and job grading and personnel management in order to improve the civil service and make use of the human and financial resources available. Secondly, it was to analyze the capacity of Malawi's educational and training institutions to provide for the needs of the public corporations and the civil service. The Herbecq Review's recommendations can be classified into human resources management and financial management. The human resources recommendations embraced the introduction of "career paths, job evaluation system, open performance appraisals and strict control of establishment growth by rationalizing the number of industrial class employees to realize cost effectiveness in the public service" (Msosa, 1998:24). The financial management recommendations proposed "a strengthened audit functions in Government to embrace value for money audits" (Msosa, 1998). Again, Msosa (1998:24) reports that these reforms were not fully implemented and the civil service grew from 10, 745 in 1964 to 50,008 in 1987.

3.4. THE SECOND GENERATION REFORMS

3.4.1 PRESSURES FOR REFORM

There are many forces that contributed to the reform of the Malawi civil service in the democratic period. These can be categorised in line with the Pollitt and Bouckaert's (2000:25-26) model of public sector reforms driving forces as: social-economic, political and administrative as discussed below:

3.4.1.1 SOCIO-ECONOMIC FORCES

The democratic leaders saw the old social-economic policies of the Banda regime as regressive and poverty perpetuating. Therefore they developed new national socio-economic policies that would be used to achieve good governance, democratic values while alleviating poverty. In this regard they instituted poverty reduction policies and programmes tuned to meet the new realities and challenges. These included the Vision 2020 and the Poverty Alleviation Programme as an operational policy. This necessitated the reform of the public service so that it could efficiently and effectively deliver and realize these aspirations.

Global economic forces also contributed much to the reform of the Malawi public sector in the democratic era. Malawi started implementing these reforms when the cold war had just ended. The end of the cold war symbolised the triumph of capitalism economic ideology over communism. This triumph initiated major changes in the way the public sector around the world was to operate. Key here was the implementation of market principles in the running of the public sector. In this tune, the World Bank and the International Monetary Fund and other donor institutions played fundamental roles in this period by implementing a series of economic stabilization policies. Like in other African countries these institutions funded a number of feasibility studies for civil service reform programs in Malawi to make it more efficient and transparent (Anders, 2003:1).

The reforms in Malawi were also a product of socio-demographic changes. According to the 1987 population census Malawi's population grew to 8 million in 1987 representing a growth rate of 3.7 percent (National Statistics Office, 2000:viii). On the other hand in 1991 Real Gross Domestic Product Growth rate fell to -7 percent (Sen and Chinkunda, 2002). This was precipitated by the influx of the war refugees from Mozambique. This put pressure on the public service structure in terms of service delivery. As a result the civil service needed to be reformed so as to effectively deliver.

3.4.1.2 POLITICAL SYSTEM

The public sector reforms in Malawi were to a large extent a product of political forces. As noted earlier, Malawi had its first democratic elections in 1994 which saw the end of 33 years of Hastings Kamuzu Banda with his one party - Malawi Congress Party (MCP) - dictatorial rule and the coming to power of the United Democratic Front (UDF) under the leadership of Bakili Muluzi. The new democratic leaders considered the Banda civil service structures and motivational instruments as tools for the advancement of tyranny. Civil service reform was therefore necessary for democracy to be entrenched. It is therefore not by coincidence that much of the study reviews for the reforms took place in 1993 (after the multiparty referendum in 1993) and their implementation begun in 1994 after the new government was sworn into office.

3.4.1.3 ADMINISTRATIVE SYSTEM

The World Bank study of 1991, documented a lot of administrative system deficiencies that hampered service delivery. It found that the performance of civil service had deteriorated due to poor definition of responsibilities, inadequate and poorly targeted training, failure to undertake program evaluation and poor financial management. In addition it was discovered that on the one hand pay levels were not enough to attract professional and technical staff, thereby creating vacancy rates of about 35 percent, and on the other hand there was overstaffing in the junior ranks where staff salaries were comparable to those in other sectors (World Bank, 1994:1). Moreover, “inappropriate incentive structures have been identified as the fundamental cause of low productivity and poor work ethic, particularly in the civil service.... These include low salaries, poor monitoring and no punishment for poor performance (Mathews Chikaonda, former Malawi Minister of Finance, quoted in Cross and Kutengule, 2001:12). Thus these administrative system shortfalls necessitated the reform of the Malawi public sector.

3.4.2 THE REFORM PROCESS

A number of World Bank studies were instituted which gave the direction of reforms in Malawi. These included the Public Sector Management Review (World Bank 1993), and the Civil Service Pay and Employment study (World Bank 1994). The actual reform process commenced after the issuance of the ‘Policy Statement on Civil Service Reform and Institutional Development’ in 1994. The policy statement made it clear that it was “Government’s policy to periodically subject public sector organizations including the civil service, parastatal companies and local government institutions to external reviews of their operations, responsibilities, functions, structures and establishment levels” (Malawi Government, cited in Msosa 1998:25). This was operationalised by the Civil Service Action Plan (CSAP) launched in 1996 that aimed to “improve the efficiency and effectiveness of the civil service, and financial management” (Durevall, 2001:6). The CSAP recommended the following reforms:

- Rationalisation of institutional mandates and their realignment with policy objectives.

- Improvement in governance and public sector ethics, by establishing an Anti-Corruption Bureau with oversight and investigative powers
- Improvements in civil service performance, through reforms in personnel management and public sector pay.
- Decentralisation of service delivery and development management functions through the creation of representative local government in rural areas.
- Strengthening public expenditure management focusing on improvements in resource allocation and expenditure control through the implementation of the Medium Term Expenditure Framework (MTEF) where the budget becomes outcome oriented.
- Contracting out some services such as security, cleaning office equipment maintenance to the private sector. (Malawi Government, 1996a)

Based on the above policy background, individual ministries, government departments and parastatals have formulated action plans to implement these reforms and others that are particular to their working environment. By the year 2000 the Government had concluded some tasks laid down in the CSAP as follows:

3.4.2.1. DOWNSIZING AND RATIONALISATION

One of the public sector reform initiative has been the downsizing of the public sector which had grown from 10, 000 at independence to 110,000 in 1995 (Cross and Kutengule, 2001:12). To reach this end the Government instituted a census of the civil service. This led to the downsizing of the civil service which saw the retrenchment of 20, 000 employees (IMF and IDA, 2000:18). The retrenched employees comprised of workers in non-established positions and in non-priority areas. In addition, the census initiative exposed and helped to remove “ghost workers” and “ghost pensioners” from the payroll (Msosa, 1998).

Downsizing also entailed the rationalization of the central government which led to a reduction in the number of Ministries from 27 to 19 (Fozzard and Simwaka, 2002:11). In the same manner, different autonomous agencies were created to carry out some tasks that were deemed crucial. Examples of these agencies are the Malawi Revenue Authority, the National Roads Authority, the Food Reserve Agency and the Anti-Corruption Bureau. Adamomoleken, Kulemekaka and Laleye, (1997:215) expected that these reforms would result into a significant reduction in both the size and cost of the civil service.

3.4.2.2. CONTRACTING OUT

The government considers contracting out of some of its services as one of the mechanisms to promote efficient and effective delivery of services. To meet this end, the Contracting Out Unit has been put in place in the Office of President and Cabinet (OPC) to oversee the contracting out of services in the public sector. In addition, sectoral departments and agencies are encouraged to contract out services which can best be carried out by the private sector. In order to identify potential services and functions to be subjected to contracting out, Departments must ask themselves the question: “is it essential that this function/service (which is the responsibility of the Department) be performed in-house?” (Office of the President and Cabinet, 2000:38). In this regard, services that usually fall as candidates for contracting out include; office cleaning services, security services, laundry, catering, copy typing services, legal services, building and ground maintenance, messengerial services, audit services and secretarial services.

2.4.2.3. PRIVATISATION

The reform package in Malawi has also included the privatisation of public enterprises so as to stimulate the growth of the private sector. In this arena, the Privatisation Law was passed in 1996 giving mandate to the Privatisation Commission to carry out privatisation of public enterprises. The Privatisation Act stipulates that the main objectives of the privatisation programme are the following:

- To foster increased efficiency in the economy
- To increase competition and reduce monopoly in the economy
- To promote participation by the Malawian public in enterprises
- To raise revenue for the government (Malawi Government, 1996b)

In addition, the Public Enterprise Reform and Monitoring Unit (PERMU) was established in the Department of Statutory Corporations of the Ministry of Finance and Economic Planning to “undertake continuous scrutiny of the financial performance of public enterprises and coordinate the reform efforts” (Malawi Government 2002). Since its establishment, the Privatisation Commission has privatised 60 enterprises.

3.4.2.4 USER FEES/ COST RECOVERY

The public sector reform prescription also included the introduction of user fees for public goods and services. This includes services that were previously provided for free. The general feeling was that the government was having inadequate financial resources and increasing demands so “that it can no longer provide services free of charge” (Malawi Government, 1998c: 14). Examples of these include the processing of birth and death certificates, marriage certificates, licences and permits, produce market fees, government rest houses, maternity clinics and dispensaries and other hospital amenities.

3.4.2.5. PUBLIC –PRIVATE PARTNERSHIPS

It has for long been realised that the government does not have all the financial, institutional and human resource capacity to deliver services on its own. In this regard, partnerships with non-governmental organisations, the private sector and communities have been seen as key to the effective provision of services as these organisations have access to larger amount of resources in terms of money, and qualified and skilled staff. In this tune, it was estimated that in 1997 there were over 150 non-governmental organisations with income for development of over K440, 000 million. This was equivalent to 38 percent of the country’s Gross Domestic Product (GDP) and it was being spent among others, on relief and development, education, health, human rights, credit schemes, trade associations and environmental issues (Kalembe, 1997:31).

3.4.2.6. PERFORMANCE MANAGEMENT

The Malawi Government developed a performance management system handbook in 2000. One of the issues highlighted was that senior civil servants should be given the option of signing performance based three year contracts in which “employment was conditional to the achievement of performance targets” (Fozzard and Simwaka, 2002:13) with pay levels of about 500 percent above current ones and 50 percent increase in compensation net allowances (African Development Fund, 2004:5). At its inception, only those nearing retirement preferred the performance-based contracts while those in their early career stages were reluctant as they feared unjust performance appraisals and anxiety about the sustainability of the system itself. However, in recent times more employees choose the new scheme and the government has made it compulsory for senior public managers.

Secondly, these contract- based performance management schemes have meant that public managers are responsible and accountable for outputs and outcomes rather than inputs and processes. In this regard performance agreements and expectations are made with public managers based on criteria and instruments for an objective assessment of those on performance contract (African Development Fund, 2004: 5). Politicians then assess public managers on how close they are to these agreed performance standards and their contracts are renewed or not based on this assessment. The African Development Fund, (2004:5) notes that this has increased the efficiency of the Malawi public sector as public managers “take advantage of better incentives in return for greater accountability in terms of agreed upon results”.

3.4.2.7 FINANCIAL MANAGEMENT

The Malawi public sector has also undergone reforms designed to control public spending and improve the effectiveness of expenditure management. In this regard the Government put in place an outcome-based performance related budget and improve accounting procedures in the name of the Medium Term Expenditure Framework (MTEF). This tool ensures that budgets are programme or “activity- based and ceilings are allocated to sectors based on priority” (Malawi Government, 2003a: 3). In this tune, “money is spent to produce results and performance is used as a criterion for annual budget allocations” to Ministries and Departments (Malawi Government, 2003a: 27). In order to ensure accountability for achieving the targets and milestones set by different programme activities, the government plans that disbursement of funds and supplies to these levels will be linked with results. To ensure discipline in spending within the set ceilings the Government uses a cash budgeting system where “Government facilities can only spend funds that are available - no overdrafts or credits” (Malawi Government, 2003b: 3).

3.4.2.8. DECENTRALISATION

The Decentralisation Policy and the Local Government Act stipulated the transfer of managerial and financial authority from the Central Government to the District Assemblies to ensure efficient and effective service delivery. According to the Decentralisation Policy, the assemblies are “charged with the overall development of the district”.

It must be mentioned that all the local assemblies are corporate bodies (Malawi Government, 1998b: 5) and “districts in their own rights” (Malawi Government, 1998a: 3). Accordingly, the district assembly is empowered to employ their own staff, enter into contracts and operate like any public organisation. Against this background, the above mentioned public sector reforms have also been implemented in the decentralised structures with the aim of “creating and strengthening institutional capacities for local government and development” (The Department of Local Government, 2001:32). In this regard, Assembly managers are under contract, have managerial autonomy and are responsible to the local managers for their outputs rather than inputs and processes, there is activity based accounting and budgetary procedures and most of the services they deliver have a fee. In addition, service delivery is in most instances done through private contractors.

3.4.3 PROBLEMS ENCOUNTERED IN THE REFORM IMPLEMENTATION PROCESS

Although the reforms were successfully implemented, the implementation process was not without problems. The most notable ones include the following:

Firstly the reform implementation process only enjoyed minimum administrative and political leadership. In this regard, Adamolekun *et al* (1997:213) agree that there was “no champion for reforms in Malawi”. This was particularly the case as the reform package involved retrenchments. This brought fear of the prospects of being retrenched in almost everybody. In addition, administrative leaders did not want to directly associate themselves with reforms which would lead to the misery of many in a country where job opportunities are scarce and poverty levels are very high. This is the case as those that championed such reforms were seen as ‘executioners’. For instance, in his research, Anders (2003:5) observed that dismissed civil servants complained that their bosses (those who retrenched them) were “selfish”. Moreover, the new political leaders promised people reduced poverty and increased job opportunities. They therefore feared that retrenchments would make them unpopular. This was compounded by the fact that labour unions took to the streets to fight against the downsizing of the public sector.

Secondly, there were too many donors willing to fund the reforms while the administrative capacity was not strong enough to adequately contain and coordinate them. For instance Adamolekun *et al* (1997:218) note that in June 1996, the following donors provided public

sector reform related assistance to the Ministry of Finance: International Monetary Fund (IMF), United Nations Development Programme (UNDP), United Kingdom/Overseas Development Assistance (ODA), USAID, European Union (EU), Canadian International Development Agency (CIDA) and the World Bank (WB). Because of capacity overload and absence of efficient government machinery for harmonizing external assistance, these interventions were not well synchronized, resulting either in duplication in or retarded the implementation.

Thirdly, it appears that the reforms were not well prioritised and sequenced in the implementation process leading to confusions and duplications. An example in this regard was the sequencing of functional reviews and job evaluations that were implemented simultaneously. Msosa (1998:28) observes that the right sequencing would be to start with functional reviews and end up with job evaluations. This is the case as functional reviews are aimed at streamlining Government's administrative structures leading to the elimination of unnecessary functions. In this regard "functional reviews would be a mopping up exercise which ensures that only necessary jobs should remain in the civil service" (Msosa, 1998:28). In addition the employees were retrenched when the government had not sourced adequate funds for the retrenchment benefits. For instance it took some retrenched employees as many as five years to be given their retrenchment packages.

3.5. CONCLUSIONS AND DEDUCTIONS: ARE THE MALAWIAN REFORMS NEW PUBLIC MANAGEMENT REFORMS?

This chapter focused on public sector reforms in Malawi. It classified the Malawian reforms into two: first generation reforms and second generation reforms. The first generation reforms comprised of those reforms introduced in the one party dictatorial era while the second generation reforms consisted of the reforms implemented in the reign of multiparty democracy. Pressures for reform, The Reform Process, and Problems Encountered in the Reform Process were also discussed.

Although the Malawian reforms are not formally called NPM reforms it can be deduced from the prescription above that these are typical new public management reforms. For instance reforms pertaining to downsizing and rationalisation, contracting out, privatisation, user fees or cost recovery, public-private partnerships, performance management, financial

management, and decentralisation which Malawi has vigorously implemented, all fall under the realm of NPM (see Hood, 1991; Pollitt, 2003; Minogue, 1998; Larbi, 1999; and Kaul, 1997) as discussed in Chapter Two under Literature Review. We can therefore safely conclude that the public sector reforms that Malawi has implemented are new public management reforms.

CHAPTER FOUR

OPERATIONAL INSTRUCTIONS

4.1. INTRODUCTION

This Chapter presents operational instructions. It contains study methodology and design that the study uses to measure to what extent the NPM reforms in the Malawi's local governance structures resulted in loss of political control and corruption. It is subdivided into five main sections. The first section looks at the study population and sampling frame, while the second section presents a profile of the sampled assemblies. Section Three contains the study design and data collection methods are set out in Section Four. In Section Five data analysis is explained.

4.2. STUDY POPULATION AND SAMPLING FRAME

The population for this study is local government assemblies in Malawi. Malawi has 39 local government assemblies comprising of District, City, Municipal and Town spread in all the three administrative regions (Northern, Central and Southern) of the county as shown in table 4.1 below:

Table 4.1: Local Government Assemblies in Malawi

REGION	LOCAL GOVERNMENT ASSEMBLIES				
	District	Cities	Municipalities	Townships	TOTAL
Northern	6	1	0	1	8
Central	9	1	0	3	13
Southern	12	1	1	4	18
TOTAL	27	3	1	8	39

For practical reasons however, the study has sampled three local government assemblies to comprise the sampling frame. They include Salima Town Assembly (central region), Mzuzu City Assembly (Northern Region) and Zomba Municipal Assembly. They have been purposively chosen for two main reasons: firstly because they have implemented relatively a

greater number of the NPM reforms and hence it is here where the impacts of these reforms will be well noticed. Secondly these are impact areas of the researcher's sponsors.

4.3. A PROFILE OF THE SAMPLED ASSEMBLIES

Below is a profile of the three sampled assemblies:

4.3.1 SALIMA TOWN ASSEMBLY

Situated in the Central Region, Salima District covers an area of 2196 sq km and has the population of 248, 214 (National Statistics Office, 2000:xii). It is surrounded by Lake Malawi and Dedza, Lilongwe, Dowa, Ntchisi, Nkhosvota Districts. Salima is dominated by the Yao and Chewa tribes. The people of Salima largely rely on fishing and agriculture. Salima has two local assemblies namely: Salima District Assembly and Salima Town Assembly. This study covers Salima Town Assembly.

The Political wing of Salima Town Assembly is comprised of 12 elected councillors headed by a Chairman. The management team comprises of the Director of Planning and Development, Director of Finance, Director of Administration, Director of Health and Community Services, Director of Parks and Recreation, Director of Agriculture and Natural Resources, Director of Education, Sports and Culture and Director of Public Works.

4.3.2 MZUZU CITY ASSEMBLY

Mzuzu City Assembly is in Mzimba District in the Northern Region of Malawi. It has the population of 86, 980 (National Statistics Office, 2000: xii) and is the third largest city in the country (after Blantyre and Lilongwe). The residents of Mzuzu are mainly working class and business personnel although there are small groups of farmers.

Being a city assembly, the political wing of Mzuzu Assembly is headed by a Mayor. It has 16 councillors each representing a ward. Below is the population distribution in the 16 wards.

Table 4.2: Population Distribution of Wards at Mzuzu City Assembly

WARD	POPULATION
Nkhorongo Ward	2,385
Lupaso Ward	10, 084
Zolozolo Ward	6,687
Chiputula Ward	15,867
Chibanja Ward	6,440
Mchengautuwa Ward	16,112
Katoto Ward	3,920
Jombo Ward	1, 333
Muzilawaingwe Ward	2,779
Chasefu Ward	1,596
Katawa Ward	2,876
Masasa Ward	1,175
Kaning'ina Ward	3,701
Viphya Ward	6,752
Msongwe Ward	1,540
New Airport Site Ward	3,733
TOTAL POPULATION	86, 980

Source: National Statistics Office, 2000:18

The Administrative wing is headed by a Chief Executive Officer. The management team comprises of the Director of Planning and Development, Director of Finance, Director of Administration, Director of Health and Community Services, Director of Parks and Recreation, Director of Agriculture and Natural Resources, Director of Education, Sports and Culture and Director of Public Works.

4.3.3. ZOMBA MUNICIPAL ASSEMBLY

Zomba District is the old capital of Malawi situated in the southern region of Malawi. It is the fourth largest city in the country (after Blantyre, Lilongwe, Mzuzu) covering 2580sq km and with the population of 540,428. Zomba is bordered by Machinga in the north, Chiladzulu in the south and Ntcheu in the west. The Yao ethnic group dominates it. The people of Zomba are basically smallholder farmers producing maize for household consumption. They also have small scale businesses.

Zomba is composed of two local government assemblies namely: Zomba Municipality and Zomba District Assembly. This study covers the Municipal Assembly. Zomba Municipal Assembly has the population of 65, 915. Politically the Municipal has 14 councillors each representing a ward. It is headed by a Mayor. Below is the population distribution in the 14 wards.

Table 4.3: Population Distribution of Wards at Zomba City Assembly

WARD	POPULATION
Mbedza Ward	3246
Mtiya Ward	10176
Masongola Ward	1732
Chikamveka Ward	2542
Chikamveka North Ward	8851
Chirunga East Ward	4324
Chirunga Ward	1591
Likangala North Ward	9575
Zakazaka Ward	5417
Zomba Central	2684
Chambo Ward	4310
Sadzi Ward	5722
Likangala Central Ward	4822
Likangala South	923
TOTAL POPULATION	65,915

Source: National Statistics Office, 2000:30

The Chief Executive Officer heads the management team. The management team comprises of the Director of Planning and Development, Director of Finance, Director of Administration, Director of Health and Community Services, Director of Parks and Recreation, Director of Agriculture and Natural Resources, Director of Education, Sports and Culture and Director of Public Works.

4.4. STUDY DESIGN

This is basically an empirical study based on qualitative research design. The study used qualitative research design because it has a “unique and valuable contribution to make by generating a better conceptual framework for research” (Glaser and Strauss cited in Morton-Williams, 1985:10). In this regard the study uses qualitative research methods to interpret a cause and effect relationship among the following variables: New Public Management

(independent variable), local political control (dependent variable) and corruption (dependent variable). Notes were taken by hand and/or with tape recorder and transcription begun within 48 hours. This ensured timely familiarisation with the data.

4.5. DATA COLLECTION METHODS

To adequately obtain its objectives the study utilises the following data collection methods:

4.5.1. PERSONAL INTERVIEWS

Personal interviews were administered to key informants in the local assemblies. These key informants included the local politicians (Councillors) and the Assembly Managers and Administrators. All the interviewees were promised that their responses would be held in confidence and that the researcher would make no individually identifiable attributes. This encouraged the interviewees to give full information without the fear of some negative implications and consequences. The 4.1 below shows the distribution of respondents in the sampled local assemblies:

Table 4.4 Sample Frame for Personal Interviews

Local Assembly	Councillors	Assembly Managers	No Of Interviews Conducted
Zomba Municipal Assembly	5	5	10
Mzuzu City Assembly	5	5	10
Salima Town Assembly	5	5	10
TOTAL	15	15	30

4.5.2 LITERATURE REVIEW

The literature review component comprises the collection and review of pertinent literature on NPM related reforms, reports on conflicts between administrators and bureaucrats, and local government corruption cases. Official local assembly and government publications, letters, and memos were also investigated to provide insights.

4.6 DATA ANALYSIS

The qualitative data was analysed by making systematic comparisons and aggregation of field notes recorded from each local government assembly that was included in the study sample frame. The analysis predominantly involved categorizing issues according to the recurrent themes regarding the loss in local political control and corruption arising from NPM reforms that emerged across sites. Special attention was paid to patterns, trends, theoretical constructs and themes evolving from the qualitative data collected. The study then formulated general conclusions and tested the hypothesis by induction. No software was used to analyse the qualitative data as the amount of data could easily be manageable without such tools. “Word” and “Excel” were used to make tables based on the collected descriptive statistics.

4.7 CONCLUSION

This chapter has presented operational instructions. It has presented the study methodology and design that the study uses to measure to what extent the NPM reforms in the Malawi’s local governance structures resulted in loss of political control and corruption. It looked at the study population and sampling frame, the profiles of the sampled assemblies, data collection methods and data analysis.

CHAPTER FIVE

NEW PUBLIC MANAGEMENT REFORMS, POLITICAL CONTROL AND CORRUPTION IN MALAWI'S LOCAL GOVERNANCE

5.1 INTRODUCTION

This chapter presents research findings by looking at the current status in terms of political control and corruption in the light of NPM reforms in the Malawi's local government system. It has two main sections. Section One presents findings on the impact of NPM on local political control in Malawi while Section Two looks at NPM and corruption in Malawi's local governance. Under this section, Malawi is categorised as a 'soft state' and watchdog institutions of the Auditor General and the Anti-Corruption Bureau are analysed.

5.2. NEW PUBLIC MANAGEMENT AND POLITICAL CONTROL

This section presents and analyses the impact of the New Public Management paradigm on local political control based on the findings in the selected Local Assemblies in Malawi. This study measures four NPM aspects namely contracting out, managerial autonomy, performance management and public-private partnerships. These aspects were chosen as the interviewees saw them as centres of political control and potential areas of conflict.

93 percent of the people interviewed attested that the new public sector reforms implemented in the Malawian local governance system have led to reduced local political control. In this regard one Assembly Manager expressed that "councillors feel threatened by the Assembly secretariat" (interview conducted on 20th March 2005). It was clear from the personal interviews the NPM reform elements meant that "political leaders have lost the capacity to control the delivery of many of the policies for which they are nominally responsible, and in some cases also have lost the power to formulate policy" (Peters, 2004:132).

Table 4.1 lists the frequency of NPM factors that both councillors and assembly officials perceive as eroding local political control.

Table 5.1 NPM Elements Eroding Local Political Control

Reform Element	Frequency for Councillors		Frequency for Assembly Managers	
	No	%	No	%
Contracting out	14	93	12	80
Managerial autonomy	13	87	14	93
Performance management	12	80	13	87
Public–Private Partnerships	14	93	12	80

Note: Number of councillor interviewed = 15, Assembly Managers = 15

As seen in table 4.1 above, the interviewees felt that the NPM aspects especially contracting out, managerial autonomy, outcome based management, performance management and private-public partnerships have led to reduced local political control in the sampled District Assemblies. These trends are further discussed in the sections below:

5.2.1. CONTRACTING OUT

Table 4.1 above shows that 93 percent of the councillors and 80 percent of assembly management officials interviewed expressed that contracting out has reduced local political control and power. According to Christensen and Laegreid (2004:16), with contracting out, politicians expend little time and energy leaving it to the administration leaders, thus in practice transferring power and influence to them. Taking this into consideration, the councillors interviewed were concerned that contracting out has greatly reduced their power and control. They felt that in the contracting out process, it is the managers who count rather than the councillors themselves. The councillors are left out of the picture as contracting out is regarded as a managerial activity which is entirely under the realm of management. They see it as a policy implementation activity rather than a policy-making activity as a result, contracting out does not come under the control of councillors. In this regard, councillors feel that they are losing power and control to contracting out. To this extent, one councillor expressed that contracting out is “purely a managerial activity that we are told not to get involved in. They only tell us that we will have a say when the contractors hand over the finished project” (Interview conducted on 22nd March 2005).

In addition, some councillors expressed that contractors do not respect them as they claim that they are under the responsibility of management and it is management that give them their money and not councillors. This makes the councillors feel unimportant before the contractors and as a result they feel losing their control and power to the assembly managers who are regarded highly by the assembly managers.

In the same manner, 80 percent of assembly management officials also acknowledged contracting out as a point of contention between officials and councillors because councillors feel that they are losing power and control because of contracting out. The managers felt that the councillors think that their role is undermined with contracting out. This is the case as they do not get actively involved in contracting out issues. One clear thing was that the councillors do not have the technical know how for the administration of contracts and even if they have, contracting out is not a policy making issue. In this regard one Chief Executive Officer explained that “the process of contracting out is an implementation issue, not a policy making issue as a result it falls under the direct realm of management, not councillors. This makes councillors feel they are losing control as they cannot exercise their power on the contractors. This is compounded by the fact that almost every activity is contracted out and there is less of direct provision” (interview conducted on 21st March 2005).

5.2.2. PERFORMANCE MANAGEMENT

80 percent of the Councillors interviewed felt that performance management measures reduce their control. In particular, they cited employment of assembly managers on contract basis. The issue was that “since through contract based employment the public servant is to be managerially accountable, this is seen as detracting from the accountability to a responsible politician” (Hughes, 1998: 77). In this respect the councillors felt that with performance management it is the contract that controls the managers rather than the councillors themselves, although the Local Government Act places the assembly managers under the control of councillors. The councillors are concerned that the assembly managers are shielded by their contract that binds the councillors from effectively controlling the assembly managers. During the interviews one councillor expressed that "there was one instance where we did not want the Chief Executive Officer because of his dictatorial tendencies. We asked the Ministry of Local Government to dismiss him but they said his

three year contract had not expired. We felt we had no control over him although the Local Government Act puts him under us” (interview conducted on 20th March 2005).

In the same manner, the fact that the assembly managers sign their contracts with the Ministry of Local Government rather than the councillors themselves indicates that the performance management instruments limit councillors’ control and power. In this regard, the councillors do not have the power to terminate managers’ contracts if they do not perform according to the agreed standards. This makes councillor feel that the real power and control rests in the Ministry of Local Government rather than them. In this respect, during the interviews one councillor was concerned that assembly managers “sign the contracts with the Ministry of Local Government, not us assembly councillors. This means that they are directly controlled by the Ministry. If we cannot control them or discipline them as we may contravene their contractual obligations it means we do not have any powers” (interview conducted on 21st March 2005).

Confirming this view, 87 percent of the assembly managers interviewed attested that the concern of local political leaders in the assembly that contract based management erode their political control and power, provides for conflict. Councillors feel that they cannot adequately control assembly managers as they are protected by their contracts. In this regard managers acknowledged that councillors feel that managers can do anything without any fear as they are secured by their contractual agreements. In fact managers themselves confirmed that they feel more secure as their contracts entail protection from arbitrary decisions of councillors.

5.2.3. MANAGERIAL AUTONOMY

According to Christensen and Laegreid (2004: 21-22), “politicians lose control through greater administrative and commercial autonomy”. The Local Government Act 1998 assigns councillors to “make policy and decisions on local government and development for the local government area”. It also gives the autonomy to assembly managers to “implement the resolutions of the assembly”. This division of labour gives the management wing the freedom to manage without political interference. However, since it is the policy implementation aspect that is visible rather than policy formulation, councillors feel that it is the managers who have the power and control. In this case, personal interviews conducted with councillors

revealed that 13 of the 15 councillors feel that their power and control is being eroded. This is attributed to the fact that the management team has more responsibilities and take on many things that councillors felt they would be doing. They have to be proactive and identify work for assembly and have the autonomy to manage. This makes councillors feel useless. In this regard some councillors expressed that “we are told to do nothing at the assembly rather than hear what the secretariat has done. If we do anything we are told we are interfering in policy implementation. This really makes us feel unimportant and lacking in political control (interview conducted on 21st March 2005).

In the same manner, 14 of the 15 assembly managers interviewed confirmed that the increasing demands of greater responsibility for planning, supervision, implementation and communication with the public have reduced political control on local activities. Managers have the autonomy to carry out projects as required with minimal political interference and councillors view this as a usurpation of their control and powers. Managers also expressed that since most councillors are not conversant even with policy formulation issues they constantly come to management for policy formulation advice. As a result, councillors feel powerless and are reduced to ‘mere rubber stamps’. To this extent one Chief Executive Officer felt that councillors are themselves to blame if they feel they are losing political control. This is the case as “they do not dwell much on policy making and seek much help from the assembly managers and ultimately it is the managers who make policies and implement them and as a result councillors feel they are losing control and power” (interview conducted on 20th March 2005).

5.2.4. PUBLIC – PRIVATE PARTNERSHIPS

During the personal interviews it was noted that public-private partnerships are considered as a vehicle for reduced local political control and power. 93 percent of the councillors interviewed indicated that they feel losing political control and power due to the public–private partnership arrangements. This is the case since managers now spend most of their times with private providers, non governmental organisations or customers other than councillors. The local assembly managers neglect the councillors when they get preoccupied with external actors. Moreover, external partners do not most of the times get in contact with the councillors as most of the issues they are involved in are in the area of policy implementation rather than policy formulation. This makes councillors feel that they are not

important stakeholders in the assembly activities. They also feel that they are losing power and control as most Assembly decisions are taken with external actors.

Personal interviews with the assembly managers also revealed the same trends. As seen in Table 5.1 above, 80 percent of the assembly managers interviewed ascertained that they spend most of their time engaged with private providers and non-governmental organisations rather than councillors. The assembly managers were further asked to rank the frequency of their contact with different assembly stakeholders per week. These stakeholders included councillors, private sector organisations, non-governmental organisations and citizens. Table 5.2 below shows the frequency of the time assembly managers indicated they get in contact with different assembly groups per week:

Table 5.2 Frequency of Managers' Contacts with Different Groups

Assembly Groups	Average Frequency of Contacts Per Week							
	Very frequent		Frequent		Not Frequent		Not at all	
	No	%	No	%	No	%	No	%
Councillors	5	33	4	27	6	40	0	0
Private sector	15	100	0	0	0	0	0	0
Non Governmental Organisations	14	93	1	7	0	0	0	0
Citizens	15	100	0	0	0	0	0	0

Note: Number of Assembly Managers interviewed = 15

As shown in table 5.2 above, assembly managers indicated that they get in contact more with private sector organisations, non-governmental organisations and citizens and less with councillors. As indicated in Table 5.2, only 33 percent of the Managers interviewed indicated that they meet the councillors quite often, 27 percent mentioned that they meet the councillors often and 40 percent indicated that their interaction with councillors is irregular. In terms of private sector organisations, all the 100 percent of the Assembly Managers interviewed indicated that they meet the private sector organisations more often. This also applied for their contact with citizens. For non-governmental organisations, it was found that 93 percent of the Assembly Managers indicated that they get in contact with them more often while 7 percent indicated that they meet them often. These trends confirm that councillors

spend less time with the assembly managers than other stakeholders. As a result, councillors feel left out in the local assembly processes. This makes them regard themselves as losing power and control in so far as assembly issues are concerned.

5.3. TACTICS TO REGAIN POLITICAL CONTROL

The interviews revealed that as much as possible, councillors employ many tactics to regain the lost political control and power. Du Voitel (1996:6) notes that politicians “get their revenge by influencing small scale daily business” while Hood (2000:16) observes that politicians regain their political control, by using “specific incursion into the management space”. This was validated by the personal interviews where interfere in policy implementation was the most common instrument the councillors used to regain the lost political control. In this regard, councillors regarded their interference in policy implementation as the only way they could assert themselves and hence reduce the impacts of contracting out, performance management and managerial autonomy, and public-private partnerships on political control.

In this tune assembly managers expressed that “there are some councillors who are a problem. They think we take up everything and they feel useless. As a result they would like to do managerial work” (interview conducted on 20th March 2005). Other managers emphasised that “some councillors have inferiority complex as they feel that they have fewer powers and would want to get more by getting involved in policy implementation” (interview conducted on 22nd March 2005). An example was cited where councillors proposed that they recruit staff at the assembly instead of the Appointments and Disciplinary Committee. In the same arena, a Director of Finance echoed that “councillors would want to act as if they are internal auditors. They assess and examine each and every voucher processed when we have our own professional internal auditors”. Moreover, at one site, the Chief Executive Officer was demanded to hand over to the councillors his duties and let the Mayor use his office. At another site the Chief Executive Officer wrote to his Mayor that he “observed with a lot of concern that for a long time now, you (the Mayor) are unduly interfering in the decisions of the Assembly and performance of the Assembly Secretariat” (Memorandum of Assembly Chief Executive Officer to his Mayor of 29th July 2004). A section of this memorandum is depicted in Box 1 below:

Box 5. 1: A Case of Political Interference In Policy Implementation

“The Objective of this letter isto appeal to you not to indulge in administrative/management issues of the Assembly, to take technical advice, and to request your Worship to develop trust and respect in the Management of the Assembly. May I also remind you Your Worship that yourself together with all the other Members of the Assembly have a duty to make policy. I am answerable to the Assembly for the implementation of such policies, and please discuss such issues with me when you feel the implementation is out of context”. (Source: Memo of Assembly Chief Executive Office to his Mayor of 29th July 2004).

5.4. NEW PUBLIC MANAGEMENT AND CORRUPTION IN MALAWI

This section presents and analyses the findings on the impact of the New Public Management paradigm on corruption based on research conducted in the selected local assemblies in Malawi. This study measures five NPM elements namely contracting out, user fees/cost recovery, managerial autonomy, decentralisation, and public-private partnerships. To adequately understand the extent of the impact of the New Public Management on corruption in Malawi, it is imperative to discuss Malawi in the context of a soft state. This is the case since Malawi is already a corrupt prone country and the implementation of the new public management paradigm further widens the avenues for corruption.

5.4.1. MALAWI: A SOFT STATE?

Malawi, like many African countries has all the qualities of a soft state (see Chapter Two). In particular, like any soft state, the country is ‘so porous and penetrated by society, so beholden to particularistic interest groups, so mired in patron-client relationships, and so lacking in stateness (Mkandawire, 1998:10). Like in any soft state, Malawi has a very low degree of social discipline and the country lacks appropriate institutions well equipped to enforce its laws. In this tune, a National Integrity Systems study conducted in Malawi found that the country has “weak institutions of state restraint” (Khembo quoted in Transparency International, 2005:1). In general, responsible institutions lack the power to act (Chirwa,

cited in Khembo, 2005a) and most “cases are not followed to their logical conclusion” (Munthali, cited in Khembo 2005b).

Just as in any soft state, corruption in Malawi features very highly. In fact corruption in Malawi is widespread, deep and severe to the extent that Khembo (2005b) referred to Malawi as a country “stuck in corruption”. Chaziya (cited in Mchombo, 2002:2) noted that in “Malawi corruption is too much to the extent that things are not done according to merit”. In the same manner, Meinhardt and Patel noted that corruption in Malawi is severe so that public office is “pursued not as a vocation but as an occupation to redeem oneself and ones family out of poverty” (Meinhardt and Patel, 2003: 60). Even the Malawi government itself once admitted that “corruption is still high” (Mzembe, Cited in Khembo 2005a: 6). In addition, the former President of Malawi Bakili Muluzi also attested that “corruption in Malawi has been endemic and has slowed down economic growth” (Muluzi quoted in Mail & Guardian, 5 April 2004). The country’s donors have also been alarmed at the level of corruption in Malawi. For instance, the American Government could not give aid to Malawi because “Malawi’s greed and graft are so widespread that putting money where corruption is, is a waste” (Morrison, December 19, 2003). The Danish Government withdrew funds because “corruption has become a markedly increasing issue” (Danish Charge to Malawi Mr Pedersen in BBC News Online, 31 January 2002). The European Union did not only withdraw aid but also demanded refund from government of K650 million that they disbursed but was “diverted and mismanaged” (BBC online, 19 November 2001).

Indeed in “Malawi corruption has, over the past few years, worked itself into the fabric of general living” (Mchombo, 2000:2). It is estimated that Malawi loses about MK22 million a year to corruption (Khembo, 2003:2) representing about 1/3 of its annual revenue (Khembo, 2005b:9). According to the 2002 Transparency International country studies conducted in more than 30 countries in Africa; and 102 worldwide, Malawi was ranked positions 11 and 35, respectively, on the corruption ladder (Transparency International, 2002). In 2004 Malawi stood among 60 most corrupt countries in the world and was ranked number 87 scoring 2.8 points as compared to number 83 in 2003 (Khembo, 2005b:8).

5.4.2. THE IMPACT OF NPM ON CORRUPTION IN MALAWI' S LOCAL GOVERNMENT ASSEMBLIES

Minogue (2000:8) observes that “there has been evidence that NPM reforms have been associated with increased corruption”. This is supported by Washington, (1997:16) argument that “some of these reforms may have unintended impacts on the ethics and standards of conduct”. Maesschalk (2004:465) adds that NPM type reforms are alleged to lead to more collective or even systemic unethical behaviour”. Personal interviews with both the councillors and assembly officials confirmed this stand. It was revealed that a lot of corruption cases arise due to the incentives and motivations provided by the loopholes in the NPM reform elements. Table 5.4 below shows councillors’ and managers’ opinions regarding increased corruption due to new public management.

Table 5.3 Opinions On Increased Corruption Due To The NPM

NPM Reform Element	Frequency For Councillors		Frequency For Assembly Managers	
	No	%	No	%
Contracting out	13	87	14	93
Managerial autonomy	11	73	9	60
Decentralisation	13	87	10	67
Public-private partnerships	14	93	13	87
User fees/cost recovery	13	87	12	80

Note: Number of councillors interviewed = 15, and assembly managers = 15

As can be seen in table 5.3 above, both councillors and managers felt that NPM leads to increased corruption. The study interviewed 15 councillors and 15 assembly managers. The trend was that 87 percent of the councillors and 93 percent of the assembly managers regarded contracting out as leading to corruption. In the same manner, 73 percent of the councillors and 60 percent of the assembly managers indicated managerial autonomy as a cause of corruption in the local assemblies. 87 percent of the councillors and 67 percent of the managers attributed corruption to decentralisation itself. In terms of public-private partnerships, 93 percent of the councillors and 87 percent of the managers regarded it as leading to corruption where as 97 percent of the councillors and 80 percent of the assembly

managers thought user fees lead to corruption. Each of these trends is further discussed in the sections that follow.

5.4.2.1. CONTRACTING OUT

As shown in the table above, all the interviewees asserted that contracting out presents motivations, opportunities and possibilities for corruption. Through the personal interviews it was observed that assembly officials believed that contracting out provided more opportunities for officials to indulge in corrupt activities.

More specifically, it was noted that in many cases the decision to enter into contracts was not based on an existing service need, but rather the desire to assist certain assembly officials in need. In these cases, “contracts are given out to alleviate official’s poverty” (interview conducted on 9th May 2005) rather than address the need of the assembly. In this regard, it was observed that when office bearers (both councillors and managers) were in financial problems, they were awarded contracts to provide some services that were not even needed at the assembly. Moreover, such contracts are mostly awarded without going through the normal tendering processes.

In other instances, it was noted that office bearers, especially councillors, take a very proactive role in awarding themselves contracts. They expect that each time there is a contract at the Assembly they should be given a priority. At one site, an example was given of a councillor who had a quarry and timber contracting company who always wanted to dominate in any constructing activity. It was noted that “he goes to the Assembly office whenever there is a contract to connive with managers and give him constructing contracts” (interview conducted on 21st March 2005).

In addition, interviews confirmed that nepotism and favouritism were allowed to guide the whole process of contracting out. In this regard, an analysis of the contracts awarded revealed a connection (whether relation or friendship) between those official in the contract awarding committee and those being awarded contracts. Normally contracts are awarded to relations and friends. In some instances the officials have their own contracting agencies registered in their relatives’ or friends’ names. In this regard it was noted that at one site, even messengers have contracting agencies. It was discovered that such agencies dominate almost

all the contracts at the Assembly thereby awarding themselves the contracts. In this arena, the bidding process becomes only a formality when it has already pre-decided who takes the contract.

At another site, it was learnt that managers themselves prepare and write winning tenders for prospective contractors that they in turn themselves assess. The prospective contracting companies connive with Assembly officials to write winning tenders for them. It was observed that this happens especially when outside evaluators come. When contracts are approved, the contractors give the concerned officials commissions.

It was also observed that the Assembly officials use contractors to advance personal gains. This is the case as contracting officials have a lot of discretion. As such they contract out companies under the Assembly's account to carry out private or personal activities. In this respect, at one site the sheriff executed a High Court order that the Assembly should surrender its properties for default of payment for cell phones officials contracted with Messrs Celtel Malawi Limited, but they had committed the Assembly as a subscriber for their personal handsets.

5.4.2.2. DECENTRALISATION

Brueckner (1999) argues that corruption is more likely to be a problem in decentralised governments. This is echoed by Washington, (1997:16) who agrees that decentralisation has implications for public accountability. The study confirmed this position. As shown in table 5.3 above, 87% of the councillors and 67% of the assembly managers attested to this.

The personal interviews revealed that decentralisation itself has brought in unhealthy breeding ground for corruption. In most cases the councillors and managers agree to embezzle assembly funds. The general feeling of the respondents was that decentralisation has brought down the financial resources to the local elites which were once very distant from them thereby bringing avenues for corruption. In this regard one respondent commented that “decentralisation has created a lot of greed, expectations and aspirations. Councillors now regard themselves as members of parliament and they squeeze the assemblies to get the perks for personal use. In the same manner assembly officials regard themselves as cabinet ministers and sponge the Assembly of its meagre resources” (interview conducted on 20th

March 2005). As can be seen here, the problem is that the “NPM reforms provide these individuals not only with the opportunity to do corruption but also with the mindset to justify it” (Maesschalk, 2004:465).

In many cases it was confirmed that office bearers exercise their discretion in the decentralised system for their private gain. Assembly officials take advantage of their discretionary powers to siphon the local assemblies of their resources. For instance at one site it was noted that the Mayor purchased retreaded tyres at K11, 750 which were sold to the Assembly at the price of new tyres as opposed to retreaded tyres. The tyres ripped-off within the month of purchase. The Mayor verbally promised to replace the tyres but typical to every soft state, this replacement claim was not honoured.

5.4.2.3. MANAGERIAL AUTONOMY

Washington, (1997:17) observes that a “corollary of management autonomy is that a reduction in detailed rules could allow more room for misconduct and mistakes”. Monteiro (2002:11) also expressed that “elements of NPM, such as managerial autonomy, were often unsuitable for implementation as it further eroded accountability in an increasing corrupt environment”. This study confirmed these views as it found out that Assembly Managers take advantage of their managerial autonomy to flout rules and embezzle Assembly resources. In this regard the study observed that 73 % of the councillor and 60% of the Assembly Managers interviewed attested that issues of managerial autonomy provide openings to corrupt activities.

The study noted that in Malawi’s local assemblies, managerial autonomy implies that Assembly Managers exercise an enormous amount of discretionary power in their everyday work. The general feeling through the interviews was that managerial autonomy has reduced councillors’ checks and scrutiny in the way the public service is run. Because managers have the autonomy to manage, they have used this to the attainment of their personal gains. For instance at one site councillors complained to the Districts Commissioner that they discovered that “your Director of Planning and Development and Building Supervisor have drained a lot of stores resources for their individual gains” (Memo of Councillors to the District Commissioner, 31 June 2004).

In addition, managerial autonomy also entails the control over the procurement process without any political interference. It is assumed that managers are well versed in procurement issues as such they should be freed from the political process to carry out such task. In addition procurement is regarded as an implementation exercise that lies under the realm of Assembly Managers. However, the study found that managerial autonomy in procurement has brought in opportunities for corruption. Moreover, in most cases councillors are presented with project materials “but do not know the cost of these materials and the quantities specified in the contract between the District Assembly and the supplier” (Ssewankambo, Chiweza and Nyondo, 2004: xii). In this regard, respondents for instance commented that “since the Assembly Managers are given the autonomy to do the purchasing process, shop owners give ‘commissions’ to the Director of Planning and Development (who purchases project materials) so that they can always purchase from them. Some officers even put it as a condition that they will make their tender fail if they will not give them ‘commissions’” (interview conducted on 20th March 2005)

The study also observed that managerial autonomy resulted in nepotism and favouritism. Since managers are free to manage and make some implementation decision, they abuse this freedom to advance personal gains. This was in the areas of recruitment and contracting out. In terms of recruitment, since they have the autonomy, managers favour their relatives although they may not be well qualified. The same also applies in the issuance of contracts.

Lastly the study observed that increased managerial autonomy has eroded transparency and accountability in the local Assemblies because managers tend to use this freedom to define their own standards and ways of operating. In most cases the new standards tend to conflict with public ethics raising concerns for possible corruption. They could for instance choose not to be transparent by refusing the access of information to the public although legislation allows for unlimited access to public information. For instance, during the interviews the researcher was denied access to some corruption related information as the Assembly Managers regarded it to be “confidential”. This raises a lot of questions on accountability and transparency.

5.4.2.4. USER FEES/ COST RECOVERY

Washington, (1997:16) observes that “more direct contact with public money coupled with fewer controls over its use may increase the temptation and opportunities to indulge in corrupt or fraudulent practices and make conflicts of interests more likely”. In the same regard Fjeldstad (2003:8) confirms that service user charges attract bribes to the bureaucrat. In their Malawian local government study, Ssewankambo, Chiweza and Nyondo, (2004: xiii) reported that there are also some cases of misappropriation and diversion of user charges funds leading to the stalling of project implementation. This study confirms this stand as 87% of the councillors and 80% of Assembly officials interviewed said that user charges are a conduit of corruption.

The study observed that most of the money collected through user fees end up in private wallets. It was noted that many officials “borrow the money on their own without the permission from higher authorities and they do not repay” (interviews conducted on 20th March 2005). In other instances the assembly officials share the money collected through user fees as allowances for the job they have on done or workshops that never took place. Accounts personnel are also a problem. It was reported that most of the times they do not give out receipts for services delivered under users fees and they pocket the money.

In addition, the study noted that that the account personnel also collect unauthorised fees. Not all services in the Assembly are subject to user fees. Other services are supposed to be delivered free of charge. This is the case as either the fees for those services have not yet been approved or the services are too socially desirable that the exclusion of those that cannot pay the user fees is unacceptable. But due to the presence of the paying services, some accounting assistants take advantage of the peoples’ ignorance to charge for even the free services. Mostly, the money collected ends up in private wallets.

Moreover, the general trend in the interviews was that users in most instances would pay more than required so that the services can be quickly delivered. In other instances the Assembly workers demand bribes from the users so as to carry out the tasks quickly. Some Assembly officials were quick to point out that “we are pressed with work. We have too much work to do here. So if one wants us to help him within a day it is only kind of him to

pay us something. The balance is only a token of appreciation for the job done. If they become stingy their files stay on the pile for ever” (interview conducted on 21st March 2005).

5.4.2.5. PUBLIC- PRIVATE PARTNERSHIPS

With public-private partnerships, 93 % of the councillors and 87 % of the Assembly officials indicated that it brings opportunities and motivations for corruption. These results are in line with Meny’s (2000:13) argument that corruption flourishes in sectors where the government and private sectors have some relationships.

The common trend as revealed by the personal interviews was that most private organisations would enter into partnerships so as to get a favour of some kind from the Assembly when there was a contract. In this line the partnerships are only taken as lines of communication to inform private organisations whenever there is a contract in the offing. In fact some private organisations that are members of the network expect and in other circumstances demand that whenever there are contracts they should be given the priority. In this tune, one manager commented that “private organisations make phone calls to the Assembly and establish work relationships so that they can get contracts” (interview conducted on 20th March 2005). In the same regard, it was observed that some private organisations form partnerships with local assemblies so that they should purchase state assets below market price. This is mainly evident during public auctions. Some respondents gave an example where a private organization in the network mounted pressure on the local assembly to sell its assets which the private organisation needed although the assembly did not want to dispose it off.

In addition, public-private partnerships present opportunities for corruption by bringing in monies which assembly official feel can easily be embezzled. This is the case as in most cases there are no clear lines of accountability in the partnership dealings. Moreover most of the money that private organisations offer to the local assemblies is only given out as gifts with no stipulations on how the money should be used or accounted for. This opens such funds to corruption. For instance one official was convicted for stealing donations a private organisation made to the assembly for the rehabilitation of a road. Commenting on the case one respondent hinted that “the official stole the money which a private company offered the

Assembly through their partnership. The court found him guilty of theft by a person employed in the public service and convicted him accordingly”.

5.4.3. THE ROLE OF WATCHDOGS: THE NATIONAL AUDIT OFFICE AND THE ANTI-CORRUPTION BUREAU

Malawi has public institutions that ensure increased public integrity and accountability. These are the National Audit Office (NAO) and the Anti-Corruption Bureau (ACB). One would expect that these institutions would work to minimise the effects of the NPM on corruption. However, the study found that since Malawi is a “soft state”, these institutions have not adequately controlled public officers in order to mitigate the impacts of the NPM reforms on corruption in Malawi’s local assemblies. Despite their presence “cases and allegations of official corruption have risen in Malawi and the Auditor General has recently accepted that this problem starts with law makers in Parliament” (AFRODAD, 2005:18). Specific issues and problems regarding these institutions are discussed in the two sections that follow:

5.4.3.1. THE NATIONAL AUDIT OFFICE

The audit function in the Malawi public sector is done by the Malawi National Audit Office (NAO). The NAO is headed by the Auditor General (AG). Created by Section 184(1) of the Constitution, the Auditor General has powers to “audit and report on the public accounts of Malawi”. In accordance with Section 54 of the Local Government Act of 1998, the Auditor General is mandated to perform audits of Local Government accounts at least once a year. In the same regard, the Public Audit Act of 2003 requires the Auditor General to submit public finance reports every year to the National Assembly to which he or she is accountable.

However, in reality, the role of the Auditor General is weakened by capacity and institutional constraints, poor enforcement of auditors’ recommendations and lack of seriousness on the part of government to discipline officials responsible for corruption and mismanagement. This makes the Auditor General unable to conduct audits in public institutions and it is the local government assemblies that suffer most (World Bank, 2003b: ix). For instance the 2003 audit report reflecting the 1999/2000 accounts (note that this is the latest audit report,

the 2004 and 2005 are not yet out) covered only five out of 39 local government in the country. This study's sampled local government authorities were not covered. Box 5.2 below gives a good picture of Malawi's local government authorities' audit status.

Box 5.2: Malawi's Local Government Assemblies Audit Status ²

- 3 out of 27 District Assemblies accounts are audited up to 1999/2000 (i.e. up to date)
- 10 out of 27 District Assemblies have not finalised their accounts for 1997/98 and 1998/99
- Only 14 District Assemblies out of 27 have audited accounts for 1996/97
- 2 out of 8 Town Assemblies have audited accounts up to 1999/2000 (i.e. up to date)
- 4 out of 8 Town Assemblies have audited accounts up to 1997/98
- 3 out of 8 Town Assemblies have not finalised their accounts for 1998/99

Source: World Bank, 2003b: 41.

According to the World Bank, a “credible public audit system can be measured by the predictability and consistency of its operations and reports as an institution of accountability” (World Bank, 2003a: 21). In the case of Malawi's local government assemblies, as shown in box 5.2, the audit reports are neither predictable nor consistent. In most cases the annual reports are “ready several years after the end of the fiscal year making it very difficult to hold Controlling Officers responsible for mismanagement” (Durevall and Erlandsson, 2005:31). Moreover, even after their late production, the quality of the local government audit reports is not impressive. They “suffer from poor quality data and analysis” (World Bank, 2003a: 21) and are “not up to international standards in most Local Government Assemblies” (World Bank, 2003b: 40). There are several issues and problems that contribute to this state of affairs. These are discussed below:

Firstly, the NAO has suffered from poor capacity and limited ability to fully exercise its mandate. The total number of skilled personnel is inadequate. In this regard, there is a mismatch between the number of spending centres and the number of staff working under the Auditor General. As a result, it has not been possible to conduct audits of cost centres every year as is required (Malawi Government, 2003b). Specifically, in November 2004 there were 210 vacant posts in the NAO out of the total of 320 posts (Durevall and Erlandsson, 2005:31) meaning that only 110 positions were filled. It must be noted that most of the filled positions

² The 2003 audit report reflecting the 1999/2000 accounts is the latest audit report. The 2004 and 2005 are not yet out and when they are published they will reflect the 2000/2001 and 2001/2002 accounts respectively

are junior ranks (mainly clerical officers) and “lack training in basic auditing” (World Bank, 2003a: 23). In general “there are very few trained auditors” (Durevall and Erlandsson, 2005:31) and “most of the audit staff in place are inadequately trained and qualified for their positions” (World Bank and IMF, 2004: 44). In fact by 2003, there were only six qualified accountants in the NAO and salaries were too low to attract and retain staff with the necessary skills (World Bank, 2003b: ix). In this scenario, the few auditors available concentrate on central government activities and local governments are neglected.

Secondly, the budget that is allocated to the Auditor General’s office is too small and under-funded in practice. This makes it very difficult for the office to honour all of its programmes. In this circumstance, the few resources available are only used to audit central government and donor funded institutions and the local government units are left out as has been reflected in Box 5.2 above. Table 5.4 below gives a picture of the total budget allocation to the Auditor General as a percentage of GDP from 1988/89 to 2003/04.

Table 5.4: Total Recurrent Allocation To The Auditor General’s Office

Period	Average Share Of Gross Domestic Product (GDP) %
1988/89 -1992/93	0.033
1996/97 -1998/99	0.026
2001/02- 2003/04	0.032

Source: Durevall and Erlandsson, 2005:30.

As can be seen in table 5.4 above, the budget allocation to the NAO has not increased from 1989 and it has even decreased. This is despite the fact that over the years the number of public institutions has increased. In fact it was in 1998 when local government assemblies became functional indicating increased workload for the office of the Auditor General but his budget deteriorated instead of being increased. It must also be noted that even out of the little that is allocated to the Auditor General, as shown in table 5.4 above, “the actual funding to the NAO is erratic and normally less than what is budgeted” (World Bank and IMF, 2004:44). This has reduced the number of audits carried out per year, and the most affected government branches are districts and local government authorities.

Moreover, record management in the NAO is generally weak. There is an apparent lack of computers and other technology. In September 2003, the only computer software in use was Microsoft Office, and this was used for the preparation of reports and other things; the actual ‘audit procedures for planning, controlling and handling audits were still manual’ (World Bank, 2003b: 30). This state of affairs makes document retrieval difficult; storage facilities not safe from fire and water; and in most cases only manual records exist (World Bank, 2003b: vii). This further makes it difficult to publish audit reports especially those belonging to local government assemblies (World Bank, 2003b: 41).

Typical to every ‘soft state’, the NAO is very weak because it lacks independence and cannot prosecute suspects (AFRODAD, 2005:18). The general perception is that auditors have little independence from Controlling Officers. In this regard, the World Bank (2003b: vii) reported that “the independence of auditors to set their own program was lacking; and audit heads were reluctant to dwell in areas perceived as sensitive”. This lack of independence means that in most auditing exercises, “there is no compliance with plans, procedures, laws and regulations as stipulated in various guiding documents” (World Bank and IMF, 2004:37).

Again as an element of a ‘soft state’, “there is poor enforcement of the Auditor General’s recommendations and the Government is unwilling to discipline officials” (Fozzard and Simwaka, 2002:47). In this regard, there has been little follow up on audit reports and in most cases the Auditor General’s reports are ignored. Those responsible for irregularities are “rarely held accountable for their acts” (World Bank, 2003b:ix) and “suspected corruptions in transactions have not been brought to conclusion” (World Bank, 2003b: 15). In this way, the “Auditor General’s effectiveness in enforcing accountability has been frustrated by the absence of disciplinary action, follow-up investigations and prosecution” (Durevall and Erlandsson, 2005:31).

5.4.3.2. THE MALAWI ANTI-CORRUPTION BUREAU

Malawi has an anti-corruption watchdog, the Anti-Corruption Bureau (ACB) whose duty is to arrest corruption. The ACB is a constitutional entity set up by the Corrupt Practices Act of 1995 to investigate and prosecute offences of corruption, to educate on corruption, and to prevent corruption. It is headed by a Director. Despite its existence, “corruption is infesting the Malawi society, economy and polity with new velocity” (Khembo, 2005a:2).

The Anti Corruption Bureau has tried to investigate corruption in local assemblies within its present institutional and legal capacity. Among the cases it has dealt with include those involving the Chairman of Mangochi Town Assembly and his Deputy; the Mayor of Lilongwe City Assembly and his Deputy; the Kasungu District Assembly Chairperson; and the Lilongwe City Assembly. However, just as in every 'soft state' these cases have not been brought to logical conclusion and no suspects have been arrested. In fact, "there are aggressive media and public attracts for the ACB's lack of action" (Durevall and Erlandsson, 2005: 32). Unfortunately, the ACB is for the view that it "should not be judged by the number of people arrested for corruption and taken to court but for the number of corruption prevented as arrests and prosecutions are a sign of failure and weakness in the system" (ACB technical advisor, Paul Russell, quoted in the Nation, 4 December 2002). However, arrests are visible signs and measures of anti corruption institutions' effective performance. Moreover, in Malawi, "prevention of corruption cannot be measured easily in quantitative terms, and therefore to measure the ACB against such bench marks may be tantamount to measuring them against nothing" (Khembo, 2005a: 2).

It is generally perceived that the Anti-Corruption Bureau is limited by the current anti-corruption legal framework. For instance, the Corrupt Practices Act of 1995 does not contain some categories of corruption, 'fraud' and 'abuse of office' for example, despite the fact that these are common and the ACB largely encounters them. This makes the ACB unable to investigate such corrupt activities as they are seen not to be under its jurisdiction. In this tune the Director of the Anti-Corruption Bureau, Gustave Kaliwo, agrees that "investigations are not automatic" (*Nation Online*, 29th September 2004). In this arena, the Corrupt Practices Act of 1995 has been widely blamed as an "obstacle preventing the Anti-Corruption Bureau and its cooperating partners from effectively doing their job" (Khembo 2003:5). However, typical in every 'soft state' the Government has constantly refused to amend it.

The efficiency and effectiveness of the Malawi Anti-Corruption Bureau is also greatly affected by unwarranted central political and administrative interference in the activities of the local assemblies. In some instances the political elites have even protected some assembly officials who have been found to be corrupt. A case in point is where the Secretary for Local Government ordered to reinstate Kasungu District Assembly Chairperson when the Anti-Corruption Bureau suspended him on allegations that he diverted 1,200 pockets of starter pack (free seed meant for distribution) (*The Nation* 11 April 2003) to pave way for

investigations. This interference and protection encourages corrupt tendencies in the assemblies.

5.5. CONCLUSIONS AND DEDUCTIONS

This chapter has presented research findings by looking at the current status in terms of political control and corruption in the light of NPM reforms in the Malawi's local government system. In this regard, the study has found that the NPM reforms implemented in the Malawian local Governance system have led to loss in local political control and corruption. The theme on loss of political control centred on four main NPM reform strategies namely, contracting out, managerial autonomy, performance management and public-private partnerships. The corruption theme concentrated on five NPM reform strategies namely: contracting out, user fees/cost recovery, managerial autonomy, decentralisation, and public-private partnerships. The study has further illustrated that the impact of the NPM on corruption in Malawi's local government is boosted by the fact that Malawi is a 'soft state'. In addition it has been seen that institutions of control, i.e. the National Audit Office and the Anti-Corruption Bureau do not adequately perform their duties to control corruption as is typical in a 'soft state'.

From these results we can draw a few deductions in relation to the two themes, political control and corruption. Firstly, the loss of political control has serious implications on democratic governance. Elected representatives are put in place to represent the people. This is the whole mark of the democratic philosophy. If peoples' representatives feel that they are losing control and power, it implies the erosion of democratic values. This is the case as such powers are being taken over by the non-elected officials. In addition, the "political leaders are in the awkward position of retaining nominal responsibility for policies over which they have lost control" (Peters, 2004:132).

Secondly NPM was championed for increased accountability, transparency, greater savings, efficiency and effectiveness. However, corruption frustrates the achievement of these ideals. Therefore the study deduces that NPM is self-defeating as it yields results that frustrate the attainment of its own intended goals.

CHAPTER SIX

RECOMMENDATIONS AND CONCLUSIONS

6.1 INTRODUCTION

The current chapter presents recommendations and conclusions. It outlines recommendations that can be put in place to minimise the impacts of NPM on corruption and loss of local political control. It also concludes this thesis. It is organised into three main sections. The first section is this introduction and the second section provides recommendations. The second section is further subdivided into recommendations pertaining to political control and recommendations directed towards addressing corruption. The last section concludes the study.

6.2 RECOMMENDATIONS: A QUEST FOR THE PUBLIC GOVERNANCE MODEL

The study has found that the NPM paradigm has led to reduced political control and has provided more avenues for corruption in the Malawian local government. To mitigate the impact of the New Public Management on corruption and political control, the author suggests a shift to the Public Governance model discussed in chapter two. This is the case, as Public Governance “typifies public management in post-New Public Management (NPM)” (Schout and Jordan, 2005:107) that “challenges the language of the NPM and put governance on the agenda” (Rhodes, 2000: 347). It acknowledges the limitations of the NPM model and emphasizes on the improvement of the “quality of cooperation and decision-making processes between government, social groups and stakeholders concerning matters of public interest” (Hill, cited in Bauer, 2004a: 14). The sections that follow justify why the public governance model will work to prevent the loss in political control caused by the NPM in the Malawian local government system. The first section discusses how the Public Governance model can reduce the loss of political control and the second looks at how the Public Governance paradigm can work to curb corruption in the context of the NPM.

6.2.1. PUBLIC GOVERNANCE AND LOSS OF LOCAL POLITICAL CONTROL

It has been noted that a “series of political crises has meanwhile discredited the bright promises”... of the NPM... “as driving force of progress” (Mayntz, 2003:2). To restore the lost local political control in Malawian local governance system, the study recommends the implementation of the Public Governance model. The Local Assemblies in Malawi should shift from the current management oriented NPM model to the Public Governance paradigm that takes into account all the contribution of all the stakeholders in a policy environment. The Public Governance paradigm “includes all relevant interests in the decision making process and balance these interests during negotiations” (Meyer and Baltes, 2004:32). In this regard no actor feels losing power and control to other actors. In fact it is the political side that gains more power and control since the Public Governance model recognises the primacy of politics in the policy process. This is the case as Public Governance refers to the institutions, processes and traditions that define:

- How power is exercised,
- How decisions are made and
- How the views of the citizens are taken into account (Canada –Asean Governance Innovation Network, cited in Bauer, 2004a: 14),

Public Governance is about the exercise of power. Michalski, Miller and Stevens (cited in Hill, Lynn, Proeller, and Schedler, 2005: 203) define Public Governance as the “general exercise of authority”. In the Public Governance model this power, authority and control “concern more on mediating and coordinating intergovernmental policy making” (Klijn and Koppenjan, 2000). In this regard, politicians being at the centre of the network, coordinate all the actors and activities thereby gaining power and control in the process. They are at the hub of decision-making process and they are instrumental in decisions on the way power is exercised and decisions are made. They are also representatives of the people providing a channel for popular participation.

Moreover, Public Governance “is not an end result, but is said to be a process of joint policy-making and implementation (Kooiman, in Schout and Jordan, 2005:107). It is in this tune that Rhodes (2000:356) stresses that with the Public Governance model, politicians “provide the policy framework and policy guidance, prod the network into action by systematic review

and scrutiny of its work, mobilise resources and skills across sectors, regulate the network and its members and provide advice and assistance”. In this regard, with the Public Governance model, politicians do not lose control and power but there is gain and a change in its form as politicians participating in the policy networks play a very special and privileged role (Mayntz, 2003:5). Consequently, it is the politician who gains a lot of power and control over the policy machinery in the Public Governance model.

Moreover, the Public Governance model restores political control and power eroded by the NPM as it “*repoliticizes the connection between the public institutions ... in sharp contrast to the attempt made in the NPM model to achieve an air-tight separation of politics and operations. The purpose is not so much to eradicate politics in the implementing stages as it is to inhibit hierarchy ...from undermining the more precise definition of objectives and the more substantive processes on the operative levels*” (Bang, 2004: 170). This ‘repoliticization’ entails an increase in political power and control as politicians take a central role in all the phases of public policy. This increasing role of politicians in the light of the Public Governance model is depicted in the table below:

Table 6.1. Increasing Political Control in The Public Governance

PHASE OF POLICY	ROLE OF POLITICIAN	ASSEMBLY DESIGN REQUIREMENT
START (POLICY FORMULATION)	Initiating and legitimizing: <ul style="list-style-type: none"> • Formulating substantive terms • Rules of the game for those involved (access to process) • Support for initiatives, clarifying status in decision making 	<ul style="list-style-type: none"> • Space for politicians to initiate and formulate terms • Commitment to rules of the game • Attune process design to involve politicians
DURING (POLICY IMPLEMENTATION)	Actively involved and supportive: <ul style="list-style-type: none"> • Prevent exclusion of actors • Feedback to and adaptation of initial terms • Fosters confrontation of different ideas 	<ul style="list-style-type: none"> • Building-in feedback opportunities for administrators and politicians • Accepting possible adjustment of the interactive process • Realize mobilization of expertise and variety
END (POLICY EVALUATION)	Reconciling points of views and selecting alternatives: <ul style="list-style-type: none"> • Attempt to forge majorities in favor of proposal • Selection and policy combination of attractive policy proposal 	<ul style="list-style-type: none"> • Offering competitive alternatives • Open up possibilities for combining alternatives

Source: Adapted from Klijn and Koppenjan, (2000: 384)

From table 6.1 above it can be seen that if the Malawian Local Assemblies implement the Public Governance model there can be an increase in the local political control. This is the case because unlike with the NPM, the role of politicians is not only limited to policy formulation but they are also actively involved in policy implementation, monitoring and evaluation. Moreover, the objective of the Public Governance model is “not to de-politicize the institutional operations, but rather, to make the *political* steering more precise ...so that political steering of the public sector is tailored to the tasks of the individual institution” (Bang, 2004:171). In addition, managerial autonomy no longer counts due to the multiplicity of actors involved in the policy process.

However, for the Public Governance model to be effectively implemented, this study recommends that certain changes in the Malawian local assemblies’ organisation design have to be made. This is the case as the Local Assemblies were designed on the premise of the NPM rather than the Public Governance model. In this regard, as shown in Table 6.1 above, the organisational design has to provide room for political intervention, has to be committed to rules of the game, and attune itself to the realities of increased political commitment and involvement. In addition, there is need to build feedback opportunities for administrators and politicians, realise and mobilise experts, should offer competing alternatives and open up possibilities of combining alternatives. These organisational design changes will enable the effective implementation of the Public Governance model in the Malawian Local Assemblies.

6.2.2. PUBLIC GOVERNANCE AND CORRUPTION

This study has provided evidence that NPM reforms implemented in the Malawian local governance system have lead to increased levels of corruption. To curb corruption therefore, the study recommends the move from the NPM reforms to the Public Governance reforms. The Public Governance model will effectively address problems of corruption in the Malawian Local Assemblies as “disciplining agents is the central task of the public governance” (Frey, 2003:16).

Moreover the Public Governance Paradigm has built in gadgets that “permit to process more information and take greater variety of values of into account” (Mayntz, 2003:2). These work

as mechanisms to fight against corruption and close all possible avenues for corruption. Cloete, (2000:24) and Bauer (2004a: 18-19) agree that these values include but not limited to the following: transparency, accountability, representivity, participation, equity, coherence and sustainability. In this regard, the Public Governance reforms are concerned with old values such as “equity, ethics, transparency and trust which go beyond the three “Es” of NPM (economy, efficiency and effectiveness)” (Bauer, 2004b: 6). This study narrows down to what Fuhr (2000:65) calls the “four key features” or “building blocks” of Public Governance. These include accountability, predictability, participation and transparency. The explanation of how these Public Governance values work to prevent corruption is provided in the sections that follow:

6.2.2.1. TRANSPARENCY

Public Governance champions transparency in the running of public affairs. The introduction of interactive policy networks in the public sphere is to ensure increased transparency. In this regard the Public Governance paradigm ensures that the administration and politicians and other network actors are held to the task of impartially and objectively administering rational operations in a transparent manner. In carrying out its functions and responsibilities, the authorities are to adopt a culture of openness and fairness. This openness is key to curbing corruption. Gildenhuis, (1997) observes that secrecy always entails hiding something and in most cases abuse of public resources. To this extent, Public Governance champions for the disclosure and sharing of information to all interested parties (Fuhr, 2000:67).

6.2.2.2 ACCOUNTABILITY

Many authorities have directly connected the Public Governance model with Accountability. These authors have referred to Public Governance as the ‘implementation of systems of accountability and control’ (Hill, Lynn, Proeller, and Schedler, 2005: 203)”. This means that accountability is at the “heart of (Public) Governance” (Fuhr, 2000:65). Accountability entails responsibility for the quality of services, efficiency, sustainability etc. towards stakeholders.

The Public Governance model introduces a network of actors who are mutually accountable for their actions. They have the responsibility to account to the network members and

citizens for the way in which public funds have been collected, kept safe and spent (Gildenhuis, 1997:36). In this respect, instances of corruption are minimised due to the multiplicity of actors who check on the integrity of other network members.

6.2.2.3. PARTICIPATION

Public Governance entails the active participation of all parties in public policy and service delivery. It focuses on participative democracy (Schout and Jordan, 2005:107). However, extensive participation results in more trust and a culture of openness which is instrumental in curbing corruption. The active participation of all stakeholders in the policy process minimizes the risk of corruption in service delivery. From the earliest stages of policy identification, through to the formulation, design, implementation and evaluation of policy programs, stakeholders are centrally positioned to articulate needs, assist in devising policy plans, as well as evaluate end-results. This closes all possible avenues for corruption. In this arena the United Nations Association of Georgia (2000:1) agrees that “corruption is the social phenomenon and only through civil participation it can be solved”. Moreover participation is central for effective implementation of accountability and transparency.

6.2.2.4. PREDICTABILITY

Predictability refers to the adherence of the rule of law. It encompasses “the laws and regulations, the processes through which they operate, and the institutions that apply them” (Fuhr, 2000:65). Public Governance is about the rule of laws. Kooiman (cited in Hill, Lynn, Proeller, and Schedler, 2005: 203) stresses that Public Governance emphasises on rules and qualities of system, cooperation to enhance legitimacy and effectiveness.

Strict adherence to the rules of the game is instrumental for curbing corruption. In Public Governance, all the network actors are bound by the set rules or codes of conduct that provide for acceptable ethical behaviour of its members. This brings in predictability of what the required norms of network actors and instils a culture of openness and trusts which is central to the prevention of corruption. In the same regard, rules entail the formulation of disciplinary measures where those found guilty of corruption are publicised. This acts as a deterrent to financial misappropriation and diversion.

6.2.2.5. ORGANIZATIONAL INTERVENTIONS

For the Public Governance model building blocks to be entrenched in the Malawian Local Governance system the study recommends that some interventions to the organisational dynamics of the local assemblies. These interventions include the following:

- Increased political and administrative commitment to fight corruption
- Intensified capacity building to govern so that local government network actors possess the necessary skills required for the effective network interaction. This means that all network members need to undergo a comprehensive education, training and awareness on Public Governance
- Strengthen co-operation and collaboration between the assembly and all network members in the service delivery and fight against corruption
- Engage on community level empowerment so that the community participates in all network activities so as to allow greater transparency and accountability
- The need for a holistic and integrated approach to bring about Public Governance in Malawi's local government
- Strengthen the capacity, legal framework and independence of National Audit Office and the Anti-Corruption Bureau so that they can adequately carry out their mandates.
- Adopt more proactive developmental policies and move away from the 'soft state' mindset.

6.3. CONCLUSIONS

Public sector reforms are a key to the revival of the operations of the public sector and the delivery of quality public goods and services. Central to public sector reform prescriptions are the New Public Management and Public Governance reforms. Because of its massive publicity, many countries have adopted the NPM stand. The NPM reforms have been paraded as a means to effective and efficient public service. However, notwithstanding the promises for increased efficiency and effectiveness and economy, the NPM has had

undesirable consequences. The most notable ones include the loss in political control and corruption.

Malawi began implementing the NPM related reforms in 1994 when it became a democracy. This study classifies them as second generation reforms in contrast to those administrative reforms that were implemented in the one party dictatorship era. Some of these reforms included contracting out, performances management, privatisation, outcome based management and budgeting, user fees, decentralisation, public-private partnerships and managerial autonomy. They were first implemented at the central level and later they were extended to the decentralised structures. Several factors have been discussed as pressures for reform. They include socio-economic, political and administrative factors.

This study has found out that the reforms prescribed in the New Public Management paradigm which were implemented at the local government level have led to reduced political power and control and have fostered corruption. In terms of political control, the study has found that local political leader in Malawi's local government feel they are losing out their control and power to the assembly managers with the advent of the NPM reforms. In this regard, reform initiatives like contracting out, performance measurements, managerial autonomy and public-private partnerships erode local political control and power. On the other hand, the research has demonstrated that the reforms further entail wider avenues for corruption. In this respect, NPM reforms prescriptions like contracting out, managerial autonomy, decentralisation, user fees and public-private partnerships have only created opportunities for corruption, present motivations and possibilities for corruption.

It is in this respect that the study recommends the replacement of the NPM with the Public Governance model to restore the lost political control and present measures to curb corruption in the Malawian local governance structures. The Public Governance model restores political control as it puts politicians at the centre of public policy. They are involved in all the policy stages with the important role of coordinating and mediating policy actors. This entails that they have overarching coordination power and control over public policy. This means increased political power and control. In the same manner, the Public Governance works to check corruption. This is the case as Public Governance is inherently ethically minded. It entails the institution of measures of accountability, transparency, participation and predictability that work to prevent corruption.

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APPENDIX 1

INDIVIDUAL INTERVIEW GUIDE

THEME 1: NPM AND LOSS IN POLITICAL CONTROL

A. For the Local Political Leaders (Councillors)

1. How do you judge your relationship with the management team?
2. Does the assembly secretariat have some autonomy in carrying out their activities?
3. Does the assembly secretariat unnecessarily leave you out of the picture in carrying implementation of service delivery?
4. Does assembly secretariat unnecessarily interfere in policy formulation?
5. Do you feel losing your political power and control to the assembly secretariat?
6. If yes to what extent do the following contribute to the loss of that power and control:
 - Contracting out
 - Managerial autonomy
 - Outcome based management
 - Performance management
 - Public Private Partnerships
7. If yes what do you do to regain the political control and power

B. For the Assembly Managers

1. How do you judge your relationship with councillors?
2. Do your primary roles include the following:
 - Policy making
 - Policy control
 - Policy implementation
5. How often do you get in contact with the following groups:

- Councillors
 - Private organizations
 - Non Governmental Organisations
 - Citizens
6. Do the councillors unnecessarily interfere in policy implementation?
 7. Do you have some managerial autonomy in carrying out your activities?
 8. Do you think councillors feel they are losing their power and control in the Assembly Activities because of such autonomy?
 9. If yes what extent do the following contribute to the loss of that power and control:
 - Contracting out
 - Managerial autonomy
 - Outcome based management
 - Performance management
 - Public Private Partnerships
 10. If yes what do you they do to regain the lost political power and control

THEME 2: NPM AND CORRUPTION

A) For Both Councillors and Assembly Managers

- a. Do any conditions exist in your Assembly that create opportunities for corruption
- b. Do you have any activities in the your Assembly that create motivations or incentives for corruption
- c. Do you have any activities in your Assembly that present possibilities for corruption
- d. To what extent do the following present possibilities, motivations and opportunities for corruption
 - Contracting out
 - Managerial autonomy
 - Outcome based management
 - Decentralisation
 - Public Private Partnership
 - User Fees/Cost Recovery

B For Assembly Officials

- a. Do you feel that councillors indulge in activities that could be described as corruption?
- b. What are the examples of such activities
- c. Why do they engage in such activities?

C For Councillors

- a. Do you feel Assembly managers engage in activities that could be described as corruption?
- b. What are the examples of such activities
- c. Why do they engage in such activities?